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ABSTRACT

This is a Congressional hearing to review and receive comment on H.R. 6190, legislation that would amend Title 38, United States Code, to exempt GI bill educational benefits from the determination of a veteran's eligibility for Federal educational benefits. Testimony includes statements, prepared statements, letters, and supplemental materials from individuals representing the Veterans' Administration; the National Legislative Commission, the American Legion; the National Veteran's Affairs and Rehabilitation Commission; the Department of Education; the National Legislative Service, Veterans of Foreign Wars of the U.S.; The Pennsylvania State University Veterans Organization; the National Coalition of Independent College and University Students, COPUS; Vietnam Veterans of America; and the American Veterans Committee. (YLB)

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VETERANS AND PELL GRANT ELIGIBILITY IN 1982

ED242958

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON
POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR

AND THE

SUBCOMMITTEE ON EDUCATION,
TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

Hearing held in Washington, D.C., on August 4, 1982

Serial No. 97-81

Committee on Veterans' Affairs

Printed for the use of the Committee on Education and Labor

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VETERANS AND PELL GRANT ELIGIBILITY IN 1982

WEDNESDAY, AUGUST 4, 1982

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON POSTSECONDARY EDUCATION, COMMITTEE ON EDUCATION AND LABOR, JOINT WITH THE SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT OF THE COMMITTEE ON VETERANS' AFFAIRS,

Washington, D.C.

The subcommittees met, pursuant to call, at 9:40 a.m., in room 334, Cannon House Office Building, Hon. Bob Edgar (chairman of the Subcommittee on Education, Training and Employment of the Committee on Veterans' Affairs) presiding.

Members present: Representatives Montgomery, Edgar, Simon, Peyser, Murphy, Heckler, and Coleman.

Mr. EDGAR. Good morning.

This is a joint subcommittee meeting between the Committee on Education and Labor and the Veterans' Affairs Committee, a joint hearing with the Subcommittee on Postsecondary Education, chaired by the Honorable Paul Simon, who will be here in a moment, and the Subcommittee on Education and Training and Employment, which I chair.

I would like to begin by reading an opening statement. I will yield to my colleagues if they have opening statements, and then we will proceed with the witnesses. I hope we can get through the hearings this morning by about 11, because there is pressure for other matters on the House floor today.

I welcome all of you here today, and particularly am I pleased that the Subcommittee on Postsecondary Education is with us this morning.

I would like to welcome the members of the House Education and Labor Subcommittee on Postsecondary Education for, I believe to be, the first joint hearing between our two subcommittees.

Both our committees share a joint responsibility in many areas affecting the well-being of American veterans through employment and training as well as education issues.

I would like to thank my cochairman, the Honorable Paul Simon, for agreeing to hold this hearing and for his cooperation and his great concern for the programs under both our jurisdictions.

The purpose of this morning's hearing will be to review and receive comment on H.R. 6190. The legislation would amend title 38, United States Code, to exempt GI bill educational benefits from the

determination of a veteran's eligibility for Federal education assistance.

Paul, I would like to welcome you here this morning. I mentioned very early on my great appreciation for your willingness to hold these joint hearings, and I know my colleague from Massachusetts, Mrs. Heckler, also appreciates your presence here today, and your willingness to look at this important question.

Last year, the Omnibus Reconciliation Act of 1981 and Public Law 97-92 changed the definition of GI bill readjustment benefits from income to student aid. Our subcommittee has received many complaints that the definition change has virtually precluded thousands of Vietnam-era veterans and eligible survivors, especially those with the most financial need, from being eligible to receive Pell grants or guaranteed student loans.

Last year, the Congress also eliminated social security education benefits for survivors and the VA's education loan program leaving these Americans few other alternatives. I am concerned that this ruling has failed to take into consideration the unique nature of the GI bill as a readjustment benefit given in gratitude for honorable military service during wartime.

The definition change was based on the premise that GI bill readjustment benefits are merely another Federal education program and, therefore, should be discounted as such in determining eligibility for other Federal assistance.

I would hope that the testimony received today will clearly show that the GI bill was offered to Vietnam veterans to help make up for lost experience and earning capabilities while in military service.

In receiving their earned readjustment benefit, Vietnam veterans should not be penalized because they are veterans, in competing on an equal basis with nonveterans for existing Federal resources.

Both Paul Simon and I are distressed at the impact the recent readjustment in student aid proposed by the administration has had on millions of Americans and their families. These cuts in Federal education programs have not only resulted in personal tragedy now, but can equate to an enormous loss of potential impacting on the future growth of our society and the development of our country through generations to come.

I do not envy the difficult task and choices that he and the Subcommittee on Postsecondary Education have been forced to make in accepting the administration's proposal to reduce these programs, but I would hope, as we are doing here today, we could stop and take a closer look at the burden imposed by these sweeping reductions on individual segments of our society, keeping in mind all our continuing commitments, past, present and future.

Just one of those commitments we have made to the men and women who served in the Armed Forces during the Vietnam era. Congressman Simon, the entire veterans' community is appreciative of your great concern for the work we have before us today. I would also like to thank the Honorable Carl Perkins, chairman of the full Education and Labor Committee, as well as the 50 other Members of the House of Representatives who have cosponsored the legislation before us today.

I now yield to Paul Simon, and again, thank you for your participation.

Mr. SIMON. I thank you, Mr. Chairman. I appreciate your leadership in this area. There is no question that as a result of the Reconciliation Act of 1981, which I did not support, we ended up in a situation where some very difficult decisions had to be made.

I think it is appropriate that we review those decisions, to see whether what we have done is appropriate from the viewpoint of—to use the word that you used—gratitude to veterans, from the viewpoint of what we are doing in the field of higher education and—I am pleased to see our colleague, Sonny Montgomery, joining us here—even from the viewpoint of what kind of impact this may have on enlistment possibilities.

We must be aware of the security aspect of the whole thing. I think we have to take a look at the whole picture and I am pleased to join you and my colleagues on both sides of the aisle in taking a look at where we are and where we must go.

Mr. EDGAR. Thank you, Mr. Chairman.

Mrs. HECKLER. I welcome the opportunity to reexamine some of the impacts on student assistance as a result of the Budget Reconciliation Act. The processes provided by the Reconciliation Act have actually resulted in changes in law that have to be corrected by the authorizing committees, and the appropriate response to what was a very comprehensive set of changes is to have this committee look very frontally at the educational assistance available to Vietnam veterans who are perhaps—who have been in my judgment—the most short-changed throughout this decade.

I think these hearings are not only important from the point of view of developing a record, but I think it should be seen as a strategy for change.

I would hope that as a result of the important additions which our colleague from Illinois offers in his background in the field of education, that we can not only understand the problem with perhaps a much keener perspective, but decide on a resolution of the problem through the passage of legislation.

Mr. EDGAR. Mr. Coleman, have you any comments?

Mr. COLEMAN. I think it is a good use of our time to have joint hearings like this. I welcome the opportunity to participate in your hearing.

Mr. EDGAR. Are there any other opening comments?

Mr. MONTGOMERY. Mr. Chairman, I would like to welcome Paul Simon and Tom Coleman to the Veterans' Affairs Committee room. I congratulate you for getting together and taking a good, hard look at our educational problems. They do overlap.

Mr. Edgar and I, as well as others on the committee, have cosponsored, H.R. 1400, the GI education bill passed by this committee and referred to the House Armed Services Committee.

I want to bring this up as information for the record. There is a good possibility that we are going to try, with your approval, Mr. Edgar, to bring the bill up under suspension of the rules. The bill is needed. There are only a few people in the Defense Department opposed to it.

I present this information for your benefit. I am sorry, Paul, we were on different sides the other day on the authorization bill for

the military, but we ended up together after all amendments—both amendments were about the same, and it did pass.

Thank you.

Mr. EDGAR. Mr. Murphy, have you any comments?

Mr. MURPHY. Thank you, Mr. Chairman.

I am in a unique position here this morning, serving on both the Committee on Education and Labor and the Committee on Veterans' Affairs. I acquired my education through the GI bill, and I am very happy to join the panel this morning to hear the testimony.

I am extremely interested.

Mr. EDGAR. I would also like to thank you for the work that you have done on the Education and Labor Committee, particularly in offering the amendment on the jobs bill that is up on the House floor today.

We have some plans for an additional amendment which will be offered today on the floor dealing with some assistance for the many Vietnam veterans who are out of work, and we appreciate your leadership there.

Our first panel is a panel of witnesses from the Department of Education and the Veterans' Administration. I would like them to come forward at this time.

I want to welcome all of you here today. Your full statements will be made a part of the record, without objection, and we look forward to hearing your testimony at this point.

Dr. Elmendorf, if you would like to begin?

STATEMENT OF EDWARD ELMENDORF, DEPUTY ASSISTANT SECRETARY FOR STUDENT FINANCIAL ASSISTANCE, DEPARTMENT OF EDUCATION, ACCOMPANIED BY JAMES MOORE, DIRECTOR, STUDENT FINANCIAL ASSISTANCE PROGRAMS, AND STEVE BLAIR, DIRECTOR, DIVISION OF POLICY AND PROGRAM DEVELOPMENT

Dr. ELMENDORF. We appreciate the fact our statements have been accepted for the record.

I would like to take a moment to summarize the statement and try to give the committee some background relative to the legislative actions that have occurred in the past and those that are being proposed now by the administration.

H.R. 6190, which you, Mr. Chairman, have introduced would, in effect, disregard veterans' benefits payments in the computation of our student financial assistance awards.

To give you some better understanding of the position that we are taking, it may be useful to first give you some indication of what the program was like under the old treatment, prior to the new legislation.

There are essentially five major programs I will be talking about today.

One is the Pell grant program. Then there are three campus-based programs called the national direct student loan program, the college work study program and the supplemental educational opportunity grant programs. Finally, we have the guaranteed student loan program which, as you know, is the largest of the student assistance programs.

Historically, under the Pell grant program, veterans' educational benefits were a part of the formula used in calculating the need for eligibility for veterans.

One-half of those payments were included as income. I won't go into detail, but a complex formula was used to examine income and apply certain percentages for income levels and arrive at what essentially is the family contribution.

On that basis we have some trend data we can share with you in terms of what was the average amount of payment to veterans before the new proposed treatment, and what would be the effect under the new proposed treatment.

In the campus-based programs, there isn't very good data available to the Department on funding for veterans because those programs are administered directly by the institutions.

An allocation of funds is given to the institution and they determine how they will package those funds in terms of awards to students.

I should say that the treatment of veterans under campus-based would not change radically.

Under the guaranteed student loan program, which is the largest of the programs, prior to October 1, 1981, veterans' benefits were not taken into consideration in assessing guaranteed student loan needs.

The continuing appropriations resolution, which is in effect for 1 year, did change the Pell grant treatment of veterans' educational benefits. As it now stands, for this year, a Pell grant could not exceed the difference between what it costs the student to attend college and the sum of the expected family contribution, the social security education benefits, certain other educational benefits, and all other types of scholarship aid.

In short, for the coming academic year, the veterans education benefits are no longer considered a part of the student's respective family income, but are considered and considered seriously in determining whether or not there is an over-award situation by including these benefits as other resources.

The Omnibus Budget Reconciliation Act of 1981, now provides for the treatment of veterans' benefits as other financial assistance, meaning that the award for veterans' benefits is taken into consideration when calculating the eligibility for guaranteed student loans.

The Department supports the changes that have been made. We have, in fact, proposed legislation to make them a part of the permanent authorizing legislation. That in a sense would be opposed to the legislation, H.R. 6190. We believe there are two essential reasons for our opposition you should hear about.

One is an equity argument and the other is unnecessary duplication of Federal expenditures. In terms of equity, we believe that all student financial assistance must be determined on the basis of need.

That should apply to veterans as well. Since the programs we administer are need-based we feel that taking into consideration the amount of money that is available under veterans' benefits is legitimate.

We also believe that we are in effect having a double Federal payment for students in that under the Veterans' Administration benefit they would receive from one source a sum of money up to and exceeding in some cases $3,000 a year and at the same time be eligible for student financial assistance funds which, as you have heard Mr. Simon say, are in scarce supply this year, with many more students applying. It does not seem appropriate or fair for some students to receive what is in effect a double Federal payment.

We feel we need to exercise serious budget restraint.

We have estimated—and that is all we have been able to do—the potential savings from eliminating this kind of double Federal funding for 1982–83. Our estimate is that about $27 million in Pell grant appropriations would be shifted from veterans who received benefits and do not show need, to other students who are financially needy and can document legitimate student need.

If the bill you have before you were to be enacted, at least $27 million would be shifted from those financially needy students back to recipients of veterans' education benefits regardless of financial need.

We don't have good additional data on the campus-based programs because, as I said before, that is maintained in a data file by institutions, but in the guaranteed student loan program, we are able to estimate, again, that approximately $5.7 to $5.8 million in fiscal year 1982 in interest benefits and special allowance payments will be saved with the change in treatment made last year.

That figure would increase to approximately $28.4 million in fiscal year 1983. As you know, the guaranteed student loan program is an entitlement program, and therefore, the costs are cumulative from year to year.

The out-year savings are significantly greater than the immediate year savings of $5.8 million but, we do feel, together, the $27 million and $5.8 million in 1982 is a substantial savings and is a substantial amount of money that should be given to those students who are financially needy.

We would like to conclude with the statement that we are very supportive of the service that our military veterans have given to this country. I, in fact, am a Vietnam war veteran, and I do feel that there is an obligation to support the military veteran.

I also have a dual obligation to insure that the limited amount of student aid funds available go only to those students who can demonstrate a legitimate financial need.

Thank you.

Mr. EDGAR. Thank you for your statement. We will reserve questions until after we hear from C. L. Dollarhide of the Veterans' Administration.

[Prepared statement of Edward Elmendorf follows:]

PREPARED STATEMENT OF DR. EDWARD ELMENDORF, DEPUTY ASSISTANT SECRETARY FOR STUDENT FINANCIAL ASSISTANCE, U.S. DEPARTMENT OF EDUCATION

We appreciate this opportunity to comment on H.R. 6190, the bill Mr. Edgar has introduced which would disregard veterans education benefits payments in the computation of Federal student assistance awards. The Department of Education is opposed to this legislation for several reasons. To better understand our position let

me outline for you the treatment that has historically been afforded these benefits under our Higher Education Act postsecondary student assistance programs.

Between the inception of the program in 1972, and fiscal year 1982, the Pell Grant legislation called for the inclusion of one-half of Veterans Administration educational benefits and all of the student's social security benefits in the tabulation of effective family income. Thus, those benefits were added to other sources of family income and the total income—after various offsets (e.g., the family size offset) were subtracted—was assessed at varying percentages to determine the portion of the income that would be expected as the family contribution.

In the Campus-Based programs (College Work Study, Supplemental Educational Opportunity Grants, and National Direct Student Loans), the veterans benefits have generally been assessed in a similar way as either income or as resource depending on the category of benefit.

Prior to 1981, veterans benefits were not taken into account at all under the Guaranteed Student Loan (GSL) program.

The Appropriations Act for fiscal 1982 passed last December changed the traditional Pell Grant approach by specifying that a student's Pell Grant could not exceed the difference between the student's cost of attendance and the sum of his or her expected family contribution, Social Security education benefits, and certain veterans education benefits. In short, for the coming academic year the veterans education benefits are no longer considered part of the student's effective family income which is assessed in the need analysis calculation. Instead, the Pell Grant is reduced if, and to the extent that, the sum of Pell Grant, VA and Social Security benefits and expected family contribution exceeds educational costs. In addition, under the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) veterans educational benefits are now treated as "other financial assistance" for purposes of the Guaranteed Student Loan program.

The loan may not exceed eduational costs minus other assistance and expected family contribution (if applicable).

The Department supports the changes made in the 1982 Appropriations Act. In fact, we have proposed legislation to make them part of the permanent authorizing law we would be opposed to legislation, such as H.R. 6190, which would seek to disregard these payments in the award of other student assistance benefits. We take this position for several reasons—

The most important issues seem to be those of equity and unnecessary duplication of Federal expenditures. It does not seem appropriate or fair for some students to receive what is in effect a double Federal payment when some of these funds could be going to more truly needy students. While we would have this concern under any overall Federal budget circumstances, it becomes even more serious at a time of real budget constraint.

We expect that the savings achieved from eliminating this kind of unnecessary double Federal funding will be significant. We estimate that some $27 million of the limited Pell Grant appropriations for the 1982-83 school year will be shifted from Veterans benefits recipients who do not show need to other financially needy students. If the bill you have before you were to be enacted at least $27 million would be shifted from those financially needy students back to recipients of veterans education benefits.

The distributional shift of funds in the Campus-Based programs is more difficult to estimate as the information is not reported to the Department on a student specific basis. As with Pell Grants, there would be a shift of benefits toward veterans who have other resources, and away from needier students.

In addition, we estimate that for the Guaranteed Student Loan program the change made last year could save approximately $5.7 million in fiscal year 1982 in interest benefits and special allowance payments and that these savings will increase to $28.4 million in fiscal year 1983. Because of the entitlement nature of this program, GSL costs are cumulative and the very new GSL treatment of veterans educational benefits as other assistance will result in ever greater savings in the out years. Since GSL appropriations are not controllable through the appropriations process, there are very real savings which would be lost entirely if H.R. 6190 were enacted.

Like the members of this committee, we appreciate the service of our military veterans and we want to assure that they are provided with adequate educational financing. However, our concern must be not only for veterans who are pursuing postsecondary eduation, but for all needy individuals seeking a postsecondary education. It is for this reason, that we find the equity and Federal cost control reasons I have outlined to be overriding, and we must oppose H.R. 6190. We again thank you

for the opportunity to offer this testimony and will be pleased to respond to any questions you may have.

STATEMENT OF C. L. DOLLARHIDE, DIRECTOR, EDUCATION SERVICE, VETERANS' ADMINISTRATION

Mr. DOLLARHIDE. Mr. Chairman, in the interest of time, I will summarize my statement.

Thank you for the opportunity to appear today and to share with you some information which you asked us about. First, a brief background on the GI bills. Over 18 million veterans have received education benefits under the GI bills, including almost 8 million under the current GI bill.

For the three programs—World War II, Korean conflict, and the current GI bill—the Veterans' Administration has disbursed over $53 billion.

The administration of these GI bill programs has not always been problem-free. For example, under the World War II program, VA paid the schools an amount up to $500 per school year to cover the cost of the veterans' tuition, fees, books, and supplies.

Where a school had no established fees, we allowed fair and reasonable payments up to $500 per school year. The veteran was paid a separate monthly subsistence allowance in addition to that.

A host of abuses came from this and, as a result of the World War II experience, the Korean conflict GI bill was designed so a single monthly allowance would be paid directly to the veteran.

This payment is based on the veteran's type of training and the number of his or her dependents.

Education benefits are meant to pay, in part, the cost of the veteran's subsistence and educational costs. Just how much of the veteran's costs are covered would depend on each veteran's individual expenses for education.

Veterans using the GI bill can attend courses at colleges and universities, business schools, technical schools and even elementary schools. Also allowed are on-the-job, farm, co-op, flight, and correspondence training.

You asked about participation rates, and I think that by any standard participation would have to be judged as being significant.

Through June 1982, nearly 6.5 million Vietnam era veterans and service persons have participated in VA education programs under the current GI bill. In fact, participation is higher under the current program than it was under either the World War II or the Korean conflict programs.

Just a word here about the education costs and benefit levels, about which you inquired. Costs are expected to rise dramatically during the 1980s. In the case of private colleges and universities, costs for the 1981-82 school year were up 13 percent over those for the school year 1980-81.

For public colleges and universities, the costs increased by 14 percent.

For VA benefits under the current bill, single veterans attending full-time institutional programs originally received—$100 a month in 1966. Over the years, this amount has increased to the current level of $342 monthly for full-time institutional training.

Additional amounts are paid for dependents. A veteran, married with no children, receives $407 a month. A veteran with a wife and one child would receive $464 a month.

You asked us to provide information on the number of GI bill benefit recipients who apply for forms of student assistance, and how many are refused that aid. I regret to say that the Veterans' Administration does not have any information on this point.

Mr. Chairman, that concludes my summary and I will be pleased to answer any questions you or your colleagues may have.

[Prepared statement of C. L. Dollarhide follows:]

PREPARED STATEMENT OF C. L. DOLLARHIDE, DIRECTOR, EDUCATION SERVICE, VETERANS' ADMINISTRATION

Mr. Chairman and Members of the Subcommittees: We appreciate the opportunity of appearing before the joint meeting of your Subcommittees today to provide you with information you requested concerning (1) the background of our GI Bill education programs; (2) participation rates and projected utilization of assistance under the GI Bill and our dependents education program (chapter 35); (3) projected impact of inflation on present and future benefit levels, and (4) data on the number of GI Bill recipients who apply for other forms of student financial assistance and are refused such aid.

Educational assistance to facilitate a veteran's readjustment has been part of American life for 38 years now. Over 18 million veterans have received educational assistance under the three GI Bills including 7.8 million under the World War II program, narly 2.4 million under the Korean conflict program and nearly 7.9 million under the current GI Bill.

At the end of World War II, the nation was faced with the prospect of the immediate release of millions of servicepersons who would have to be absorbed in the civilian population. They would return to civilian life, and would have to readjust themselves to a different kind of life. They would have to seek employment in order to make a living for themselves and their families.

To provide an opportunity for veterans of World War II to complete their education and acquire the training needed to adjust to civilian life, Congress passed the Veterans' Readjustment Act of 1944, which came to be known as the GI Bill. This program provided assistance for veterans to obtain the needed education or training they might have attained had they not served their country in time of war. Educational assistance under this program ended on July 25, 1956.

Shortly after the Korean conflict commenced, Congress enacted the Korean conflict GI Bill which was designed to provide assistance for these veterans similar to that provided to their World War II predecessors. While the Korean conflict officially ended on January 31, 1955, those individuals on active duty on that date continued to earn entitlement to educational assistance until their release or discharge from active duty. Educational assistance under this program was terminated as of January 31, 1965.

In 1966, the Congress enacted the current GI Bill to extend educational assistance to those individuals who entered the military service after January 31, 1955. The current program was designed to (1) enhance and make more attractive service in the Armed Forces; (2) extend the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education; (3) provide vocational readjustment and restore lost educational opportunities to those men and women whose careers were interrupted or impeded by reasons of their active duty after January 31, 1955, and (4) aid such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

Under the World War II program, the Administrator was required to pay to the schools an amount not to exceed $500 per ordinary school year to cover the customary cost of the veteran's tuition, fees, books, supplies and equipment required by the trainee to pursue and complete a course. Where the school had no established tuition fee, the Administrator was permitted to provide fair and reasonable compensation up to $500 per ordinary school year. The veteran was paid a separate monthly subsistence allowance.

Based upon the abuses which arose from this type of benefit payment, an investigation of the World War II program was conducted by a House Select Committee. As a result of this study, the Congress, in the enactment of the Korean conflict GI

Bill, determined that instead of the tuition payment to the schools, a single monthly allowance should be paid directly to the veteran. This payment system, which has been carried forward into the current GI Bill program, provides that the veteran is to be paid a monthly benefit which is premised upon the type and amount of training and number of dependents. The allowance is designed to pay, "in part", the cost of the veteran's subsistence and educational costs.

It should be emphasized that under the current system of educational benefits, our programs have never been intended to be a total replacement for the ability of the individual to otherwise provide for his or her educational needs. We would point out, however, that in recent years, increases in the monthly benefits have been provided by law.

In addition to these fairly substantial rate increases, the Congress has also provided several programs to assist veterans. These include special assistance for educationally disadvantaged veterans, a tutorial program for those needing tutoring to progress in their education programs, a work-study program for certain individuals going to school full time, and a direct education loan program.

The education loan program was enacted in 1975 to help fill the gap between the veteran's available income and the cost of his or her education at the institution selected by the veteran. However, in recent times this program has been virtually eliminated in that only a very limited number of individuals may still qualify for such loans.

Individuals receiving educational assistance allowances under our GI Bill program may attend approved courses at colleges, universities, business and technical schools, high schools and, in some cases, elementary schools. Assistance may also be provided for on-job, farm, flight, and correspondence training.

To respond to your question concerning participation rates, figures available to us show that through June 1982, nearly 6.5 million Vietnam era veterans and servicepersons have participated in VA educational programs under the current GI Bill. This represents a 66 percent participation rate and compares with the 50.5 percent rate under the World War II program and the 43.4 percent participation rate under the Korean program. It is interesting to note that, comparing the participation rates under the three programs, Vietnam era veterans have a 41 percent college participation rate, Korean conflict veterans had a 22 percent college participation rate, and World War II veterans had a 14.4 percent college participation rate. Thus, veterans under the current program are pursuing education at institutions of higher learning at a much greater rate than their World War II or Korean counterparts.

It is anticipated that the future utilization for veterans and servicepersons under the GI Bill and dependents under chapter 35 will be as follows:

	GI bill	Dependents
Fiscal year:		
1982	842,000	91,900
1983	717,600	89,500
1984	605,700	87,200
1985	455,700	85,000
1986	365,300	82,800
1987	297,700	80,700

Regarding education costs and benefit levels, we would point out that educational costs are expected to rise during the 1980s. According to the College Entrance Examination Board, the average cost of tuition and fees for private colleges and universities for the 1981–82 school year increased approximately thirteen (13) percent over the prior school year. The average cost of tuition and fees for public colleges and universities rose about fourteen (14) percent during the same period. Increases are also being experienced by students pursuing noncollege degree training in vocational-technical schools.

When the current program was enacted in 1966, single veterans pursuing full-time institutional programs were paid $100 per month and veterans with two dependents were paid $150 per month. Over the years, this has increased to the current level of $342 per month for a single veteran pursuing full-time institutional programs and $464 per month for veterans with two dependents. The last increase in VA educational assistance allowance benefits rates occurred during fiscal year 1981. There was a five (5) percent increase effective October 1, 1980, followed by a 4.6 percent increase effective January 1, 1981. This two-step boost in the benefit

rates provided a ten (10) percent increase over the rates in effect prior to October 1, 1980.

We have been requested to provide information on the number of GI Bill benefit recipients who apply for other forms of student financial assistance and how many of those students are refused that aid. We regret that the Veterans Administration does not have any information on this point.

Mr. Chairman, this concludes my presentation. We will be pleased to respond to any questions you may have.

Mr. EDGAR. There is one issue in both of your statements which was a little troubling to me in terms of perspective. Mr. Dollarhide, you indicate in the next to the last page of your statement that the number of Vietnam era veterans who use the GI bill, because of its termination in December of 1976, is decreasing, is that not correct?

Mr. DOLLARHIDE. The number of eligibles per year is decreasing, yes.

Mr. EDGAR. In the statement from the Department of Education, on page 4, at the bottom, you talk about the savings in the out years getting larger.

Can you explain how the savings in this particular provisions can get larger if the number of veterans pursuing education are diminishing?

Dr. ELMENDORF. Primarily, because we are speaking of the guaranteed student loan program, which has out year costs tied to the interest and special allowance payments. We have calculated the amount of savings off of projected volume for 1982 and 1983.

This shows that the participation by veterans in the guaranteed student loan program would be reduced by about 66,400. In 1983, it would be about 55,800. There is not much change anticipated between 1982 and 1983, about 11,000 students less participating in the program.

The reduction in loan volume on which the estimates were based in 1982 is about $146 million loans going to veterans. $123 million would be the comparable figure in 1983.

We calculate, on the basis of the T-bill rates that are estimated to be in effect at the time of 1982 and 1983 to come up with net savings of about $28 million in 1983, as opposed to only $5.8 million in 1982.

Mr. EDGAR. It seems strange to me if we have fewer people using the benefit overall that your savings should go up in the out years rather than down.

Dr. ELMENDORF. I have to defer to the fact that the numbers we used to derive those savings are based on T-bill estimates for 2 years and I think the difference could be directly attributed to the increase and decrease in the T-bill.

Mr. EDGAR. I yield to my colleague, Mr. Simon. I have additional questions which I will come back to.

Mr. SIMON. Mr. Dollarhide, forgive me for not knowing as much as I should about the GI bill and veterans' assistance. First, I do not detect, as I glance through your formal statement, that you have taken a stand on the legislation that is pending here.

Mr. DOLLARHIDE. That is correct, Mr. Chairman.

Mr. SIMON. That is correct?

Mr. DOLLARHIDE. We have taken no position on this bill.

Mr. SIMON. You mentioned the $500 maximum that was permitted to the school under the old post-World War II program. What

did we provide for a single veteran in the way of living expenses at that point, do you know?

Mr. DOLLARHIDE. It would be strictly a guess at this point, Mr. Chairman, and I base it on having been one of those type students. As I recall, I got a check for about $50 a month or something like that.

Mr. SIMON. What I am really trying to get is the current program, the level of assistance, have we kept up with the cost of living or have we gone ahead? Have we improved the program? Where are we?

Mr. DOLLARHIDE. Well, as I indicated, the monthly rates have increased from $100 per month for a single veteran in 1966, up to a current rate of $342 a month.

Mr. SIMON. I see the improvement here in that period. When we go back, though, to the immediate post-World War II period, how would that——

Mr. DOLLARHIDE. In the World War II bill, the primary benefit payment was the tuition and fee cost paid directly to the institution. It is like comparing apples and oranges, but I think in our recent study, it was indicated that the Vietnam era veteran, under the current rates, is receiving equivalent to what the World War II veteran received.

Mr. SIMON. If I can go to page 6 of your testimony, you talk about the utilization of the GI bill. You have a table there. Why this precipitous drop from 842,000 down to 297,000?

Mr. DOLLARHIDE. Eligibility under the GI bill was terminated for those who entered service on and after January 1, 1977, so no more veterans, or no more servicemen, are currently accruing eligibility under the GI bill.

The other significant thing is that veterans only have 10 years from the date of their discharge to use their entitlement, so the numbers are dropping around 20 percent a year for that reason. The pool of eligibles is declining at that rate.

Mr. SIMON. If we were to launch a renewal of the GI bill approach, would you anticipate these numbers would pick up to approximately the same as they are in 1982–1983?

Mr. DOLLARHIDE. The projections on numbers that I have seen in connection with Mr. Edgar's bill, H.R. 1400, would not come up to those levels. You have to remember this was primarily a bill which was geared to readjustment benefits for people who left a wartime situation.

It would depend on how it was enacted primarily, Mr. Chairman, but I do not believe the numbers would get up to the levels that they were at one point. For example, in fiscal year 1976, we trained almost 3 million veterans.

That was the heaviest year under the current GI bill, so it would take a while to build up to that significant level.

Mr. EDGAR. Would the gentleman yield?

Mr. SIMON. Yes.

Mr. EDGAR. We never say "if" the bill gets enacted, we always say "when." Second, as the bill left this committee, the first-tier benefit after 3 years of service was $300 a month and if you reenlisted and stayed for 6 years, you could get as much as $600 a month, and that was a retention factor we put in.

When it went to the Armed Services Committee, they made a major modification in the 1-year benefit to be brought up under the suspension bill.

It would be $200 a month for subsistence-education benefits after 3 years of service.

A follow-on benefit, if you reenlisted and stayed in for a longer period of time, would be an additional $100 and there are some other follow-on benefits, but the intention of both the bill that passed this committee and the modification and scaling down in the Armed Services Committee is to develop a GI bill for the peacetime, all-volunteer military that would act as an incentive for recruitment and retention and provide some benefits in the educational area for those persons who chose to go into the all-volunteer military.

Thank you for yielding.

Mr. SIMON. I have no further immediate questions, Mr. Chairman.

Mr. EDGAR. Mrs. Heckler?

Mrs. HECKLER. I would like to refer to an extensive letter I received from a number of students in a university in my district. Here is the salient point:

> About the new regulations. This is because of the late implementation of the new regulation. Many of the veterans are under the impression they will be receiving a Pell grant award as indicated by the acknowledgment sent by the Department of Education, and will have no means to replace this expected aid by the time they find out about their subsequent eligibility.

Is that an accurate statement, and has anything been done by the Department of Education to correct the misunderstanding on the part of the veterans?

Dr. ELMENDORF. It is not a correct statement. The Pell grant processing is underway. Over 4 million students have received notice of awards. The veterans' benefit notices going to those students, I think, have already been sent, and they have an expectation of what they would receive.

What they would legitimately get in the way of a Pell grant award and whether that constitutes an overaward situation should be known by both the institution and by the student.

In that particular regard, I would say the student should not lack any information needed to make a decision about college at this point that would cause him to either not attend or attend a different institution.

Mrs. HECKLER. Could you tell me exactly when these different notices of eligibility were sent out by the Department of Education?

Dr. ELMENDORF. The notices of eligibility for——

Mrs. HECKLER. For the Pell grant award?

Dr. ELMENDORF. We began processing the whole system on the 15th of March, and we expect in this whole cycle, over 5 million applications before September, which is the most critical time. That is when most students begin school.

We expect we will have processed well in excess of 4 million of those 5 million applicants, so my feeling is at this point that those who should know and were timely in getting their application in-

formation into the system do know and have information upon which to make a decision for college as well.

Mrs. HECKLER. When was the announcement made to the veteran there would be a change within the regulations as to the determination of student aid, because of income?

Dr. ELMENDORF. That information would have been sent by the Veterans' Administration directly to veterans, and I would not be aware of that situation. We covered the notice of institutions and student financial aid administrator, in our bulletins and publications in the Federal Register.

We are about ready to send to institutions the exact instructions for both social security and veterans benefits. That we expect will be sent formally by the Department within the next week or so.

That, I realize, is not the critical thing. The important thing is, has the student been notified how much he is eligible for, and has a financial aid package been set up for him for September 1982?

I could not answer the first question, because it would not be a notice sent by the Office of Education.

Mrs. HECKLER. The precise regulations are only going out in August for September? I mean, in terms of the exact accounting procedures for the colleges?

Dr. ELMENDORF. For colleges and universities? Mr. Moore has the details on the specific notice.

Mr. MOORE. We sent institutions, in early May, a payment schedule and preliminary instructions as to how to handle the offset for both social security and VA benefits. We have distributed it through financial aid groups in town in an effort to get this word out as rapidly as possible.

The schools have had this material on hand for 3 months.

Of course, what is happening is that this is the first time that the institution has had to sit down and do the calculations per these instructions, and for the first time, the veterans are finding out how the offset actually works.

There have been a number of phone calls to institutions about this process because it is different, compared to the one we have used up until now.

Mrs. HECKLER. There has been really a lack of long-term notices, and the notice period has been considerably shortened and there is a difference in accounting in terms of the student's requirement, which is substantial.

We will go on, but I would like to ask Mr. Dollarhide when the Veterans' Administration notified the eligible student they would have a difference in terms of their financial responsibilities as a result of this new change?

Mr. DOLLARHIDE. I would like to check it, but I am not aware that we have sent any notices with respect to Pell grants.

Mrs. HECKLER. Thank you, Mr. Chairman.

Mr. EDGAR. Thank you.

Mr. Murphy, have you any questions at this time?

Mr. MURPHY. I have no questions.

Mr. EDGAR. Mr. Coleman, have you any questions?

Mr. COLEMAN. Yes.

Dr. Elmendorf, I notice on page 4, your savings you indicated took place as a result of the changes last year. My question is,

under 6190, would there be additional costs over and above those because of the total disregard of using this as income or assistance for a contribution schedule?

Are these the cost figures of the bill?

Dr. ELMENDORF. These are savings figures in program dollars that would be redistributed to students who show legitimate student need.

In a sense, that is like saying in the Pell grant program, because there is a fixed dollar limit on how much can be spent in that program, that more legitimate recipients will be eligible as a result of this change in legislation than would have been if it hadn't changed. They would receive approximately $27 million more.

One can say that the average grant divided into $27 million for 1982-83, would benefit x number more recipients. We have just started the processing.

Mr. COLEMAN. I was talking about savings in the GSL program, first of all.

Dr. ELMENDORF. You are talking about an administrative cost?

Mr. COLEMAN. I am talking about that portion which under 6190 would not be counted as income or assistance to the students, would be totally disregarded, whereas under present law it is considered as income.

Is there any cost or savings involved with that change in what 6190 does, and what the present law is?

Dr. ELMENDORF. Yes; there are cuts involved. As we indicated in testimony, awards in which veterans benefits have been considered would increase and costs would rise correspondingly.

Mr. COLEMAN. Getting back to the point you just did make, $27 million would change hands from what I would qualify as needy students, to veterans. Is that an oversimplification?

Dr. ELMENDORF. No, sir; I think that is an accurate statement.

Mr. COLEMAN. Would you give me an economic profile of the student out of whose hands you would be taking the $27 million?

Dr. ELMENDORF. The impact on the veteran, because the benefit is related as much to the cost of attending the institution as it is to their income level, would primarily fall on the student who attends the low-cost public institution where the average cost would be about $500.

The veterans' benefits, the average in 1981-82, was $2,229, so you can see in this situation that the benefit would be more than the actual cost to attend that institution.

Now, for the veteran who decides to attend a cost-of-education institution in the neighborhood of $6,000 to $7,000, which is your private 4-year institution, there is a very good chance that that veteran would still continue to receive both Pell, and the full benefit of the veterans' allowance, because the difference between what they are able to contribute and what it costs to go to that school still leaves a gap.

So it would impact those students who attend the publicly subsidized, low-cost institution.

Mr. COLEMAN. You stated what the impact would be on the veterans, I believe that was your answer. My question is what would be the impact of those students would then give up the $27 million because you would only have so much of a pie to cut up?

Could you give me what this impact is? Would it be for the poorest student or the higher-income poorer student or who are they? Who does the $27 million come from?

Dr. ELMENDORF. I haven't precise data on which students would fall out of eligibility if we were to move back to the old treatment, but I can say, the way the formula works in Pell, the likelihood is that the impact would be on those from the highest income families.

Right now, under the Pell grant, you can get funding under that program up to about $28,000. Under proposed legislation for fiscal year 1983, that money would still be available, but it would be available only up to about $18,000, so the impact would be primarily on the higher income student, from a higher income family.

Mr. COLEMAN. Thank you.

Mr. EDGAR. Thank you very much.

Mr. Dollarhide, H.R. 6190 would amend section 2013, title 38. Are you familiar with that section 2013?

Mr. DOLLARHIDE. Somewhat, Mr. Chairman. I read it yesterday.

Mr. EDGAR. Why do you suppose this committee and the Senate Veterans' Affairs Committee proposed the amendment to title 38? What do you think the purpose was behind out putting this amendment together?

Mr. DOLLARHIDE. Well, to make the educational assistance that we pay be free from consideration when they are talking about Pell grants or other programs that the Department of Education administers.

Mr. EDGAR. That provision, section 2013, was enacted during the 92d Congress through Public Law 92-540. The report on the public law stated that the actual purpose of that section was to declare that employment and training programs were an integral part of the veteran's readjustment to civilian life.

Therefore, it was the intent of the committee to insure that, apart from receiving GI bill benefits, veterans should also have the opportunity to participate in Federal manpower and vocational training programs to the fullest extent as well.

The report actually stated that it was the congressional intent that veterans use those programs to the maximum extent.

Do you consider GI bill benefits to be an integral part of the system of benefits and services provided for the Vietnam-era veterans' readjustment?

Mr. DOLLARHIDE. Yes, I do.

Mr. EDGAR. Dr. Elmendorf, based on what Mr. Dollarhide has just said, do you concur that the GI bill is a readjustment benefit?

Dr. ELMENDORF. I would, for the record, state that the way the law was written, as an entitlement, if it was an open ended entitlement to be used for any purpose, I believe it would have so stated.

However, the way the law now reads, in order to benefit from this, one must first enroll in an institution of higher education, and second, show on a monthly basis how many credits or courses they are enrolled in in order to calculate the benefit, so my sense is, there was an intent that the only way to access this benefit would be to attend some type of institution and to enroll for a certain number of courses or credits.

Mr. EDGAR. You are talking about the purpose of the GI bill. I was talking about the purpose of the section 2013.

Let me ask you another question. Do you concur that it was the intent of Congress through Public Law 92-540 and section 2013 of title 38 United States Code that the Vietnam-era veterans make maximum use of their GI bill benefits and other Federal assistance available to them?

Dr. ELMENDORF. Yes, sir.

Mr. EDGAR. Therefore, if you agree with that, don't you also agree that by limiting Vietnam veterans' ability to receive Federal education assistance that the administration is deliberately in opposition to the intent of the U.S. Congress as established by the law, and the purpose of the GI bill?

Dr. ELMENDORF. No, sir, I don't.

Mr. EDGAR. Could you explain that?

Dr. ELMENDORF. I believe that the consideration must be given to the fact that the way you access those funds for veterans should not be at the expense of other legitimately needy students and the impact, as I have testified, is on other students who would be left out of eligibility because veterans who were ineligible under the new formula are restored to eligibility.

Mr. SIMON. Would the gentleman yield?

Mr. EDGAR. Yes.

Mr. SIMON. We are talking about the figures you use, $27 million, out of a total of $2.4 billion, is that correct?

Dr. ELMENDORF. Out of, for next year, $2.279 billion, which Congress has appropriated.

Mr. SIMON. Let's just say $2.3 billion.

Dr. ELMENDORF. Yes, sir.

Mr. SIMON. So you are talking about roughly 1 percent, is that correct?

Dr. ELMENDORF. Yes, sir.

Mr. SIMON. And we are talking, if or when H.R. 1400 passes, whichever terminology you prefer to use, we are talking about a diminishing number.

In other words, $27 million in fiscal year 1984, in fact, is a lower number than $27 million. Is that correct?

Dr. ELMENDORF. Yes, I believe so.

Could you restate that question, Mr. Simon?

Mr. SIMON. Yes.

Even if H.R. 1400 passes, the new GI bill, as it has emerged from the Committee on Armed Services, using the table that Mr. Dollarhide has there, the $27 million will shrink.

What I am really suggesting is that maybe we are having a furor over something that is not that substantial—1 percent on the Pell grant moneys—No. 1, maybe we can get an additional appropriation out of the Appropriations Committee for another $27 million. Maybe, in fact, for one reason or another, we are not going to be using all of the Pell grant money—we will be using 98 percent or 99 percent of the Pell grant money, but not the full amount. Maybe we are talking about depriving some veterans of something that we really don't need to be depriving them of.

I don't want to put words in your mouth.

Dr. ELMENDORF. That may be true. I would like to reserve judgment on trying to assess without having seen the table, the impact between that table and what would happen under the Pell grant program.

I do know if we had an average grant of about $900 to the average recipient in the Pell grant program, and we were to save $27 million, we are talking about 30,000 or so students that would be affected in the program, if the $27 million is not restored.

Mr. SIMON. Thank you, Mr. Chairman.

Mr. COLEMAN. Would the gentleman yield?

Mr. EDGAR. Mr. Coleman?

Mr. COLEMAN. In effect, 30,000 students now receiving Pell grants would not receive them under the terms of this legislation, but would be replaced by 30,000 veterans, would that be fair?

Dr. ELMENDORF. The impact would be 30,000 who would not get eligibility, and I assumed an average grant of $900. Now, I would have to take the impact average to get the impact number.

On the number of benefits, those who would not receive part of that $27 million, I can give you a pretty good estimate of what that would be for 1982-83, under the new law and under the old program.

It is approximately 21,600 less veterans under the new treatment who would get the benefit. We estimate—and the data is not in on this—about 147,000 students who are applying for the Pell grant program, of them approximately 60 percent, which has been the trend for the last 2 years, would receive Pell.

That is about 88,800. Were we to enact the provision and those estimates were correct, we would have about 58,600 receiving benefits under the new treatment. If that new treatment was not enacted, the number would be reduced from 88,800, in 1981-82, to about 80,200 in 1982-83.

There is a difference of about 21,600 between the old treatment and new treatment, in 1982-83, on Pell. I am much better at estimating how many veterans wouldn't be eligible than how many students would lose eligibility that are now getting it.

Mr. COLEMAN. Roughly giving up 30 for 21. Something like that. What do you assume for a maximum grant?

Dr. ELMENDORF. We assume for 1982-83, 1,674 is the maximum Pell program.

Mrs. HECKLER. I would like to ask Mr. Dollarhide how many Vietnam veterans really are likely to retain eligibility and to actually constitute this universes of veterans? In other words, I would like to separate out what the impact of the regulations on Vietnam veterans versus the impact of the regulation on servicemen who might choose to seek veterans' benefits later, if H.R. 1400 makes it.

How many Vietnam veterans are we talking about who would be within the universe of eligible veterans?

Mr. DOLLARHIDE. I haven't anything specific on that, Mrs. Heckler, but in the current GI bill, the numbers are going down rather rapidly. As currently legislated, the bill will expire December 31, 1989.

I haven't information on how many veterans of the Vietnam era would be there when H.R. 1400 is enacted.

Dr. ELMENDORF. I think I can help you with the number of veterans who are beneficiaries historically and what we estimate in the future.

In 1979-80, there were about 1,200,000 beneficiaries of veterans' education benefits. In 1980-81, it dropped to 965,000. In 1981-82, 971,000. We estimate since that is a declining population, that it will continue to decline in 1982-83 to about 790,000 and in 1983-84 to about 680,000.

Traditionally, we have had about 16 to 20 percent of that number applying for the last 3 years for Pell grant programs. Of those number who apply, about 60 percent have received Pell grants in the last 2 years, and we expect for 1981-82, it will come out again to 60 percent.

Mrs. HECKLER. You had a figure of approximately 30,000 veterans earlier. You said 30,000 students would be replaced.

Dr. ELMENDORF. Displaced. They would be nonveteran students already in the program who are now eligible who would no longer be eligible. The 21,600 is the approximate number of veterans who would not be receiving Pell because of the new treatment.

Mr. EDGAR. We have an informal from the Congressional Budget Office stating a figure of 50,000 veterans who would be impacted by this, and we also have information from CBO that we are talking about $60 million of savings as opposed to your $27 million of savings.

Can you indicate why there would be such a vast difference between the estimate of the Congressional Budget Office and your estimates which you are giving right now?

Dr. ELMENDORF. I would want to know from the Congressional Budget Office if they are speaking only about Pell, rather than Pell and all other student assistance programs. If it is Pell, only, then I would have to stay with our numbers we are based on computer simulation models that we run in the program and I believe we have updated those.

Mr. EDGAR. We have asked for information on the Pell grants for this hearing and we think the numbers you are stating will be vastly lower in terms of the total number of Vietnam veterans impacted and our figure is 50,000 veterans and $60 million of savings by the provision.

We will have to do some research to clarify this.

Mrs. HECKLER. I think we can establish that between now and 1989, we are speaking about the veterans' benefit for Vietnam era veterans.

Dr. ELMENDORF. That is correct.

Mr. EDGAR. Mr. Dollarhide, do you know anything about the VA education loan program?

Mr. DOLLARHIDE. Yes, sir.

Mr. EDGAR. Are you aware of any substantial reductions by the administration in this program?

Mr. DOLLARHIDE. Of course, we had legislation last year which more or less terminated, except for a few categories, the eligibility for such loans.

Mr. EDGAR. Isn't it true the VA education loan program that was established to assist veterans and give them help over and above the GI bill benefits was essentially eliminated?

Mr. DOLLARHIDE. Yes, it was.

Mr. EDGAR. Is it not also true that at the request of the administration, Congress terminated the social security education benefit for widows and survivors of those killed in combat and certain disabled veterans?

Mr. DOLLARHIDE. I think that is correct, sir.

Mr. EDGAR. My reason for pointing out these two particular programs is that these are two programs that were assisting widows and survivors of disabled veterans and persons on the GI bill who were financially unable to make ends meet and to keep them in institutions of higher education. It seems to me if you add those two cuts on top of the regulation change that we are making, we are in a sense really zeroing in and targeting on those veterans, particularly the Vietnam veteran, who depends on not only his GI bill, but the other benefits to put his financial resources in order, and to help him catch up economically with nonveterans.

Do you find that a bit painful as you look at the funds that are provided to Vietnam era veterans? Is that troubling at all to you?

Mr. DOLLARHIDE. Of course, I have been a veterans' advocate for about 25 years now. I understand the administration position and the pain it causes in certain areas when budgets start getting cut.

Mr. EDGAR. Do you know of any increase in the GI benefits for Vietnam era veterans that are being anticipated by the administration?

Mr. DOLLARHIDE. There is no final agency position stand on that. We are thinking about it.

Mr. EDGAR. In light of the cuts and resources available—I am thinking of the impact in some of the older schools of the Northeast and Midwest, not the community colleges that are being described that have an average cost of $500—education costs have gone through the ceiling for the average veteran leaving the service who does have benefits coming to him under the GI bill, clearly those benefits would be very inadequate if he had to provide for his family, his children, and others while, at the same time, trying to get through school.

It is one of the additional troubling things with this particular cut.

Dr. Elmendorf, let me ask you one final question: Our concern must not only be for veterans who are pursuing postsecondary education, but also for all needy individuals seeking a postsecondary education.

That is a direct quote out of your statement. In view of the huge reductions in student aid being proposed by the administration, just how are you showing your concern that, and I quote from your testimony, "All needy individuals seeking a postsecondary education can obtain that education?"

Dr. ELMENDORF. Basically using what I consider to be some four principles that underline our budget rationale and policy. One is that we believe the family and the student themselves should be the primary supporter of college.

We believe there is a Federal role and that that Federal role should go toward helping to meet the difference between what it costs to attend school. That statement you made about the veteran

going to a high-cost institution would be very much a part of our way of dealing with student assistance.

The third is that we try to target our program dollars, particularly to the lowest-income student, to be sure there is a level of access.

Fourth, we believe we will try to increase where we can work programs and loan availability. Those four together give us assurance that there will be some form of financial assistance available to those people who cannot meet total cost out of their own pocket.

Mr. EDGAR. My staff is probably going to strangle me for making this comment, but I serve on another committee that deals with water resources and I have been an opponent of a public works water project called the Tennessee-Tombigbee Waterway.

It is a "little" project in times of tight budget that we are going to begin to look more carefully at. Last year, we came within two votes in the Senate of killing this program.

But it is amusing to me that we are going to spend this year, the same amount we spent last year, which is $189.4 million on a waterway from Pickwick, Tenn., to Demopolis, Ala.

Just recently we received a report that two individuals from a company from Detroit were indicted for wasting on this $3 billion project, $18 million by just slowing up the process of a large divide cut.

Yet in the midst of this hearing room, and this subject, of concern for Vietnam veterans, we are talking about $27 million—$30 million, out of a $2.2 billion program. The administration is looking at this as a great saving for America, and yet this administration is proposing this policy change, and hasn't asked for a dime of reduction on the Tennessee-Tombigbee Waterway.

If you cut $100 million out of that project, you would spend more on that waterway than on any other public works water project in the Nation. Out of that we could give $25 million to you to allow eligibility for Vietnam veterans education assistance.

We could provide $25 million for Mrs. Heckler's district to do something of need in Massachusetts. We could repair Mr. Murphy's Lock and Dam 7 and 8 on the Monongohela and Allegheny Rivers. We could do a lot of things.

It seems if the administration is serious about getting priorities in order, if it is serious about cutting budgets, it might look at tobacco subsidies, sugar subsidies, peanut subsidies and I bet you we could find $27 million in all of that and make the language change back and modify our cuts in the area of Vietnam era veterans who are using the Pell grant program, at least until we could put in place either an adequate cost-of-living increment for those receiving the GI bill that more adequately met their real needs, or establish H.R. 1400 for the all-volunteer military.

It seems it is a strange institution we have where, in one room, $27 million is a big dollar amount, and in another room no one thinks anything of spending $3 billion on a water project that has very marginal economic benefit for our Nation.

I really thank you for coming this morning. I hope some of you can sit and listen because our next panel, I think, will give you some idea of the human tragedy that is involved in this particular change.

I would like to call John Moyer, vice president of the Pennsylvania State University Veterans Organization, who is accompanied by two of his colleagues.

We appreciate your coming before us today. Thank you for listening to the testimony of the Department of Education, and also the Veterans' Administration.

As you speak please give us your name and your full title.

STATEMENTS OF JOHN MOYER, VICE PRESIDENT, THE PENNSYLVANIA STATE UNIVERSITY VETERANS ORGANIZATION, ACCOMPANIED BY KEVIN RHODES, PRESIDENT, THE PENNSYLVANIA STATE UNIVERSITY VETERANS ORGANIZATION; AND BRIAN CLARK, COORDINATOR, OFFICE OF VETERANS AFFAIRS, THE PENNSYLVANIA STATE UNIVERSITY

Mr. MOYER. I am John Moyer, acting vice president for legislative affairs, Pennsylvania State University Veterans Organization.

Mr. RHODES. My name is Kevin Rhodes, president of the Pennsylvania State University Veterans Organization.

Mr. MOYER. I would like to thank you and Mr. Simon both for the opportunity to appear here today regarding this issue which is vital to all of the Nation's student veterans.

Since our prepared statement has been put in the record, I would direct my remarks to correct what I believe is some misinformation or at least some misrepresentation of information that the committee has heard here thus far this morning.

I believe there are two main points for this entire issue. One is the effect that current legislation is having and will have on student veterans and the second is the question of whether current legislation is consistent with the intent of the GI bill.

We have heard a lot of figures this morning. We have heard $27 million, we have heard many different figures on the number of veterans that will be affected, and I get the impression that no one is quite sure what this will be.

We have brought some of our own figures from Penn State.

In 1981, 8,062 students at Penn State received just slightly under $7.5 million under the Pell grant program. The university projects that 2,308 students will lose $2.1 million in grants for 1982–83.

Of the 2,308 students that will be losing grants, 600 are veterans. Veterans make up 3 percent of the student population at Penn State. Yet of the cuts that will take effect this year, we bear 25 percent of them.

In 1981, 17,470 Penn State students received a total of $40.4 million under the guaranteed student loan program. It is projected under the new guidelines 4,076 students will become ineligible. Of the 600 veterans who participated last years, virtually all will now be ineligible for this program under the new guidelines.

Again, 3 percent of the university student population is taking one-fifth of the cut.

By reducing accessibility to both these programs, student veterans are left with their GI bill. We have heard Mr. Dollarhide tell us of the substantial increases that have occurred in the GI bill since its inception.

A single student veteran now receives $342 a month in subsistence entitlements. This does not make him financially needy. We have heard of the many students that will be removed from eligibility should the veterans be restored their eligibility. We are not asking for anything more. We are asking for equality.

The spokesman from the Department of Education has never mentioned that possibly veterans might also be financially needy. We ask only equality to be eligible for these programs and may the neediest of the needy get what is coming to him.

I would like to concentrate for a moment on the GI bill, section 1651 of title 38, United States Code.

> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of, one, enhancing and making more attractive service in the Armed Forces of the United States; two, extending the benefits of a higher education to qualified and deserving young people who might not otherwise be able to afford such an education; three, providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955; and, four, aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

Had any of us not served our country, we would today be eligible for Pell grants and guaranteed student loans.

We firmly believe the current legislation operates against the intent, purpose, and letter of GI bill legislation authorized by this Congress in denying Federal financial aid benefits to veteran students solely because they receive what is rightfully theirs as an entitlement.

Mr. Chairman, I would like to conclude by stating again, student veterans are expected to subsist on $342 a month entitlement. By the change of the law in recent legislation this entitlement is now considered Federal funding, Federal aid, or gift financial aid.

With no access to other programs, student veterans will be forced out of our colleges and universities by the thousands. I believe that within a month, you and your colleagues will begin to see this, as you are inundated by calls from across the Nation.

Many of our student veterans, contrary to the remarks made by the spokesman of the Department of Education, have not yet been informed that they are not eligible for these benefits. They will only find out when they appear at the door of their veterans' counselor come the first day of school and find that the hand is empty.

Mr. Chairman, I would like to thank you for your time and in concluding, I would like to state the Vietnam veterans fought in the only conflict of their country that has ever been lost. It seems that the national mood does not want to recognize that this war was lost. The sooner we recognize that and get on with it, the better, but in that recognition, we should not forget the people who fought in that conflict.

Apparently, through national embarrassment, the Vietnam veterans has been consistently shunted to the side to be hidden from public view. I believe that current legislation, if not corrected, is a further step in this direction.

Thank you very much.

[The information referred to above follows:]

THE PENNSYLVANIA STATE UNIVERSITY
135 BOUCKE BUILDING
UNIVERSITY PARK, PENNSYLVANIA 16802

Student Assistance Center
University Park Campus

Area Code 814
863-2020

August 3, 1982

The Honorable Paul Simon
Chairman
House Education and Labor Subcommittee
on Postsecondary Education

The Honorable Robert Edgar
Chairman
House Veterans Affairs Subcommittee
on Education, Training and Employment

Gentlemen:

For the record, please find attached formal testimony regarding H. R. 6190.

We are pleased to submit this for your review, and appreciate the opportunity to acquaint you with our concerns.

Sincerely,

Brian C. Clark

Brian C. Clark
Coordinator of Veterans Affairs
Student Assistance Center

AN EQUAL OPPORTUNITY UNIVERSITY

THE PENNSYLVANIA STATE UNIVERSITY
135 BOUCKE BUILDING
UNIVERSITY PARK, PENNSYLVANIA 16802

Student Assistance Center
University Park Campus

Area Code 814
863-2020

On October 1, 1981, the Omnibus Reconciliation Act put into effect new guidelines for determining eligibility for the Guaranteed Student Loan Program. Among these changes, was included a redefinition of veterans educational benefits. Prior to that date, all funds received were considered as income, a resource similar to earnings or savings. As of October 1, 1981, all educational benefits received under Chapters 32, 34 and 35 of Title 38, U.S.C. are considered direct federal aid, not an earned entitlement but a gift. Under the current procedures for determining the allowable borrowing limits for Guaranteed Student Loans, this change has reduced or eliminated many veterans' access to this vital educational program.

With the precedent thus established, Public Law 97-92 was subsequently enacted applying the same view of veterans benefits to eligibility for the Pell Grant. While previously many veterans had qualified for Basic Grants because of their low incomes, changing the designation of their G. I. Bill from income to direct federal aid will virtually eliminate all Chapter 34 and 35 benefits recipients from the Pell Grant Program.

Veterans and eligible survivors entering or returning to college in the fall will encounter yet another example of this country's appreciation for their service and sacrifices. Not only does their G. I. Bill have no relationship to the cost of education, they now have no way to supplement these inadequate funds through direct grants or sufficient borrowing. For many this will be the end of their college education.

AN EQUAL OPPORTUNITY UNIVERSITY

Although it is difficult to assess the total impact of these laws, some University projections are illustrative:

In 1981, 8,062 students at Penn State received $7,490,586. under the Pell Grant Program. The University projects that 2,308 students will lose $2,145,302 in grants for 1982-83. Of the 2,308 students losing grants, over 600 are veterans. Thus, while veterans represent less than 3% of the student body, they will absorb 25% of the lost grants for the University.

In 1981, 17,470 Penn State students received a total of $40,472,112. under the Guaranteed Student Loan Program. It is projected that under the new guidelines 4,076 students will become ineligible for these loans for a total loss of $10,489,658. Of the over 800 veterans who participated last year, virtually all will have their loan limits substantially reduced and many will be found ineligible.

These numbers are just beginning to be translated into human terms. The following are four brief case studies illustrating the impact of these laws:

Gary Age: 28 G.I. Bill Recipient (Chapter 34)
Term Standing: 6 Major: Business Administration G.P.A.: 2.18

Gary is a divorced veteran with custody of his three children. His total G. I. Bill entitlement is $493. per month. He is in college so that he may learn a marketable skill and become a good provider for his family. Since he requires funds in excess of his G. I. Bill to support his family, he depends upon Pell Grants and GSL money to cover the cost of his education. In the past, he has been able to meet expenses by maximum grant eligibility and maximum use of the GSL (he has borrowed $6,000 thus far). Under the new laws, he has lost Pell entirely and his borrowing power has been reduced 30%. Faced with a 14.6% increase in tuition, a 10% increase in living costs with no G. I. Bill increase and a $2,600 loss of funding, Gary is forced to drop out and seek full-time employment.

Tom Age: 23 V.E.A.P. Recipient (Chapter 32)
Term Standing: 8 Major: Computer Science G.P.A.: 3.63

Tom is a veteran who made the maximum V.E.A.P. contribution and receives $225 per month (one third of which is his personal contribution). He is single and lives modestly, sharing a mobile home with another student at a rental cost lower than the regional average. As a student in the University Scholars Program, Tom is extremely serious about

his studies and planned well for his education. He has no outstanding bills and has utilized all his resources to fund his first 2½ years of college. Tom's financial package for 1982-83 is as follows:

V.E.A.P. Benefits	$2025
Pell Grant	1500
PHELL Grant(State)	1500
CWSP	600
TOTAL	$5625

The official cost of attendance at Penn State is $6,000, which leaves Tom $375 below the allowable amount. Since his official unmet need is less than $500., he is ineligible to use GSL. Tom's real budgeted expenses are nearly $7,000. As he has exhausted his personal savings, Tom is forced to drop out to seek full-time employment.

Betty Age: 52 Survivor's Benefits Recipient (Chapter 35)
Term Standing: 10 Major: Community Development G.P.A.: 3.20

Betty, the wife of a 100% disabled veteran, is seeking a college degree in order to take over her financial responsibilities as head of the household. She commutes 80 miles a day to attend classes and in the past has used grants and loans to cover her tuition, using her Chapter 35 benefits to cover commuting costs. Although within three terms of graduation, loss of Pell and reduction in GSL may force her to drop out of college.

Earl Age: 28 G. I. Bill Recipient (Chapter 34)
Term Standing: 10 Major: Environmental Resource Mgt. G.P.A.: 2.93

Earl is a married veteran with an infant child. Because of family committments, he is unable to relocate and must commute 120 miles daily in order to attend college. Although it has been very difficult, Earl has managed to meet his educational expenses and provide for his family through the funding he received from the G. I. Bill, Basic Grants, GSLs and a part-time job. Since the birth of his child, Earl has been attempting to put by a little money each month for an operation to correct his child's birth defect. Thus far, he has saved $3,000 of the $8,000 needed for the operation. Under the new laws governing his eligibility for Pell and GSL, Earl has lost the maximum grant and has had his loan limit reduced. Earl is in the position of deciding between the correction of his child's deformity or using that money to complete his education.

These cases are merely a sampling of the contacts made by the school's Veterans' Counselor in the past two weeks. Any college's counseling files will yield an alarming number of similar cases. Veterans who were barely

able to continue their studies by utilizing all available resources will be prevented by the new laws from completing the education promised to them under Title 38.

By comparison, a typical non-veteran student with maximum aid eligibility will receive the following aid package:

NDSL	1,000
SEOG	1,000
PELL	1,096
PHEAA	537
AID SUBTOTAL	$3,633
ALLOWABLE GSL	2,500
TOTAL	$6,133

This student's award statement is included as Appendix. While it is difficult to compare individual cases, it is clear that the neediest non-veterans have access to substantially more in federal funding than the neediest veterans.

It is our feeling, and the feeling of many veterans, that their earned entitlement under the various chapters should be in addition to whatever aid for which they may qualify. The intent of Title 38 is not to penalize veterans in the competition for federal aid but to reward them for their service. According to Section 1651 of Title 38, U.S.C., the G. I. Bill (Chapter 34) was enacted for the following purpose:

> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young people who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

And, in defining the rationale for the Survivors' and Dependents' Educational Assistance Program (Chapter 35), the intent of Congress is equally clear. Section 1700 of Title 38 states:

> The Congress hereby declares that the educational program established by this chapter is for the purpose of providing opportunities for education to children whose education would otherwise be impeded or interrupted by reason of the disability or death of a parent from a disease or injury incurred or aggrevated in the Armed Forces after the beginning of the Spanish-American War, and for the purpose of aiding such children in attaining the educational status which they might have aspired to and obtained but for the disability or death of such parent. The Congress further declares that the educational program extended to the surviving spouses of veterans who died of service-connected disabilities and to spouses of veterans with a service-connected total disability permanent in nature is for the purpose of assisting them in preparing to support themselves and their families at a standard of living level which the veteran, but for the veteran's death or service disability, could have expected to provide for the veteran's family.

Contained in the text of both statements is the implicit understanding that military service is a personal sacrifice and one which merits readjustment assistance. Veterans and their survivors should be provided the chance to obtain an education which has been delayed or impeded by their service. Further, it is recognized that those whose economic situation would have precluded higher education should be provided the opportunity to better themselves. Thus, honorable service earns the entitlement to educational benefits. These benefits are, by Congressional intent, an enticement to serve.

To further emphasize the point that veterans benefits are a special entitlement, Congress has made them inviolable. Section 3101 of Title 38 states:

> Payments of benefits due or to become due under any law administered by the Veterans' Administration shall not be assignable except to the extent specifically authorized by law, and such

payments made to, or on account of, a beneficiary shall be exempt from taxation, shall be exempt from the claim of creditors, and shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary.

Veterans benefits belong only to the beneficiary and cannot be taxed or counted as assets. It seems only logical that this Congressional intent be applied consistently. To now view educational benefits as a gift and not an earned and special entitlement, and thereby to prevent needy veterans from competing on an equal footing for the funds needed to complete their education, goes against the spirit of Title 38.

Until the passage of the Omnibus Reconciliation Act and Public Law 97-92, veterans and survivors whose financial condition warranted it were able to obtain the grants and loans needed for the college education promised them under the law. That many veterans feel the G. I. Bill should provide funding sufficient to cover the cost of education is understandable; to compound this injustice by denying them access to the additional funding needed to complete their schooling is unconscionable.

Passage of H. R. 6190 would restore veterans benefits to their intended purpose. To allow these recent changes to stand is to convincingly state to the veteran that service to this country entitles you to nothing but lost time and lost opportunities with no chance to recoup, and that this country honors its committments only when it is financially convenient.

Kevin Rhodes
President
The Pennsylvania State
Univ. Veterans Organization

John Moyer
Vice President
The Pennsylvania State
Univ. Veterans Organization

Brian Clark
Coordinator,
Office of Veterans Aff.

THE PENNSYLVANIA STATE UNIVERSITY
OFFICE OF STUDENT AID
335 BOUCKE BUILDING
UNIVERSITY PARK, PENNSYLVANIA 16802

STUDENT NAME
HOME ADDRESS

SSC SEC AC:
DATE: JUNE 30, 1982

15552

THE OFFICE OF STUDENT AID IS PLEASED TO EXTEND YOU A CONDITIONAL OFFER OF FINANCIAL ASSISTANCE TO ATTEND THE PENNSYLVANIA STATE UNIVERSITY AT THE UNIVERSITY PARK CAMPUS FOR THE 1982-83 ACADEMIC YEAR.

A. YOUR AWARD WAS COMPUTED BY USING THE FOLLOWING INFORMATION DERIVED FROM THE UNIFORM METHODOLOGY NEED ANALYSIS:

COST OF ATTENDANCE		PARENT CONTRIBUTION		STUDENT CONTRIBUTION		DOCUMENTED NEED
6,351	(-)	0	(-)	900	(=)	5,451

B. YOUR 1982-83 AID OFFER:

TYPE	FUND	FALL	WINTER	SPRING	TOTAL
LOAN	NDSL	333	333	334	1,000
GRANT	SEOG-C	333	333	334	1,000
			TOTAL AID AWARDED		2,000

C. YOUR OTHER 1982-83 ESTIMATED/ACTUAL AID SOURCES:

FUND	AMOUNT	FUND	AMOUNT
EST STATE GRANT	537	EST PELL GRANT	1,096

D. TO ACCEPT THIS AWARD (SECTION B) YOU MUST DO ALL OF THE FOLLOWING:

1. CHECK 'I ACCEPT', SIGN, AND DATE THE STATEMENT OF EDUCATIONAL PURPOSE BELOW.
2. YOUR ACCEPTANCE IS DUE IN THE OFFICE OF STUDENT AID, 335 BOUCKE BUILDING, UNIVERSITY PARK, PA 16802, ON OR BEFORE: JULY 30, 1982.
   ALL ACCEPTANCES RECEIVED AFTER THE ABOVE DATE WILL BE CONSIDERED LATE UNLESS POSTMARKED BY JULY 27, 1982.
   LATE ACCEPTANCES WILL BE HONORED ONLY IF FUNDS REMAIN AVAILABLE.
3. RETAIN THE SECOND COPY OF THE AWARD OFFER FOR YOUR RECORDS.
4. SIGN A PROMISSORY NOTE PRIOR TO THE BEGINNING OF EACH TERM IF YOU ARE AN NDSL OR UNIVERSITY LOAN RECIPIENT. THIS CAN BE DONE BY REPORTING TO THE OFFICE OF LOANS AND SCHOLARSHIPS, 108 SHIELDS BUILDING AT UNIVERSITY PARK, OR THE DEAN OF STUDENT AFFAIRS OFFICE FOR FURTHER INSTRUCTIONS IF ATTENDING ANOTHER PENN STATE CAMPUS.

E. PLEASE BE ADVISED THAT YOU MAY BE ASKED TO SUBMIT A COPY OF THE MOST RECENT FEDERAL INCOME TAX FORM 1040, IRS FORM 4506, AND OTHER SUPPORTIVE DOCUMENTS TO VERIFY INFORMATION SUBMITTED ON THE NEED ANALYSIS DOCUMENT.

STATEMENT OF EDUCATIONAL PURPOSE

I DECLARE THAT I WILL USE ANY FUNDS I RECEIVE UNDER THE NATIONAL DIRECT STUDENT LOAN (NDSL), SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (SEOG), COLLEGE WORK STUDY PROGRAM (CWSP), UNIVERSITY LOAN, AND EDUCATIONAL OPPORTUNITY PROGRAM (EOP) FOR EXPENSES CONNECTED WITH ATTENDANCE AT THE PENNSYLVANIA STATE UNIVERSITY.

CHECK: ( )
I ACCEPT

SIGNATURE

DATE

I-UM
U-10

APPENDIX

Mr. EDGAR. Thank you very much. I appreciate very much your articulate statement. I think you have two other gentlemen who have comments.

Mr. RHODES. I received information from several veterans' organizations on campuses across the Nation. One stands out in particular, information from the Veterans' Assistance Office, University of Minnesota.

The University of Minnesota has a relatively high veterans' enrollment. In the 1981-82 academic year, there were 1,073 veterans enrolled in the University of Minnesota. Projected enrollment for 1983 is 875. That is approximately 200 less.

They attribute this to significantly rising educational costs, the attendant cost-of-living increases and the reduction in the number of veterans eligible for veterans' benefits under chapter 34.

A financial profile of a typical student at the University of Minnesota, the University of Minnesota estimates, contrary to what the Department of Education states, is $5,700 for the cost of enrollment. This is a public university.

Penn State University estimates $6,000, veterans' benefits amount to $2,300 per year, approximately. This presumes also that the veteran will make $1,600 during the academic year while carrying a full course load, and $700 over the summer. This is all added together, and they come up with a dollar figure of $5,240 to contribute toward education costs, which leaves a deficit of $459.

These veterans are eligible for no Pell grants. They are eligible to apply for a $459 Guaranteed Student Loan but most banks in the area will not make a student loan for under $1,000.

The University of Colorado at Boulder estimates 150 out of 300 veterans will be virtually eliminated from their educational program this coming year, and 53 out of 110 dependents will be eliminated.

That is all I have to say at this point.

Mr. EDGAR. Thank you very much for your statement.

Mr. CLARK. I would just want to make one point of clarification concerning the earlier testimony by the gentleman from the Department of Education. In his statement, he is very careful to draw a parallel—not a parallel, but to counterpoint veterans with needy students.

He repeatedly comments that veterans are not needy students. The $2,000 to $3,000 a year that veterans receive by virtue of their entitlement under chapter 34 was previously considered income. For many veterans, that is their sole income. When defining need, we now say that this is not income, but this is direct aid and subtract that from their eligibility.

We are assuming, I believe, in these formulae that there is other funding for these veterans to live on. By the definition of veterans' benefits as financial aid, and counting them in that manner, we provide no opportunity for the veteran to support himself, to live and to eat while attending school.

Thus, in the formula, it would appear the veteran has ample resources available.

I would only contend that if we take these $3,000, $4,000, $5,000 of income of the "neediest student," and count that in the same

way we count veterans' benefits, we will then have a clear picture of what the truly needy student is.

He also intimated that the people who would be gaining the Pell grant eligibility under this new regulation would be those who could come from families with a combined family income of up to $28,000.

If those people with the $28,000 combined income are exhibiting more need than a veteran with $3,000 total funding, I would like to see what slight of hand in the formula can demonstrate that.

If you will allow me to assign need, I will also be able to define for you who the neediest are.

Mr. EDGAR. Thank you all for your statements.

Let's go back to very elementary kinds of things.

John, you mentioned in your opening remarks that many of the veterans, are not aware that they may not qualify. Would you describe that in just a little more detail?

Let's say I am a veteran, Vietnam era veteran, I have GI bill benefits. I was enrolled in school last year. I am coming this year in hopes of getting some assistance and some aid.

I know that I need both my GI benefits to live on, plus some additional education benefits. I get some information from the VA that there is no longer an educational loan program available. I get some information from the Social Security Administration that if I am an eligible dependent as well that program is no longer available.

So I come to the school expecting some information about availability of Pell grants. Could you make it a little clearer for us. What happens when I go to the financial aid office.

Mr. CLARK. I will respond to that question, Mr. Chairman, as a school official. My understanding of the process is that the student who applies for the Pell grant is issued by the Department of Education what is called a Student Aid Report.

When the student makes the application, the veteran would indicate what his benefits are. The Department of Education is ignoring the listing of benefits in its computation for aid. They are making eligibility determinations using the veterans' benefits as income, as before.

What Mrs. Heckler indicated was given to her by her veterans' population is exactly true. A typical veteran, if he was lucky enough to receive this Student Aid Report say, today, would, in most circumstances, be given a zero index, which would indicate to that veteran that, as last year, he would expect to receive a maximum Pell grant, when this veteran perhaps relocates, returns to the school, moves his family and eventually arrives at the Financial Aid Office of the institution in which he is enrolled, he would present that to the financial aid officer, who would then inform him that indeed, he is not eligible to receive a maximum grant which he had been led to believe, but because of his veterans' benefits will receive nothing.

The Department of Education has shifted the burden of being the bad guy from its own Department to the individual financial aid offices of the school. Veterans have not been notified by the Veterans Administration, by the Department of Education or anyone

that the moneys they heretofore could expect to receive will be denied.

Mr. EDGAR. Brian, to follow that up as a school official, are the different institutions who are receiving this information using the formula as tabulated in different ways, or are they being consistent?

Mr. CLARK. The formula as it is being compiled by the Department of Education makes allowances for the variation in tuition. The majority of public institutions and many private institutions will have a similar circumstance as we do at Penn State, with about a $6,000 cost of education.

What happens in the computation for Pell at Penn State is that, with the Department of Education formula, the veterans' benefits and his expected contribution exceed the maximum allowable and he is put in an overaward category. He will then be informed by the financial aid officer that he will receive nothing.

In the rare instances where a veteran is attending a school, perhaps of $10,000 a year—and I have to say almost no Vietnam veterans are attending schools of that expense—he would be eligible to receive some Pell grants, because the cost of attendance would be so high.

I would have a problem seeing how the veteran could go there anyway and make up the other $5,000.

Mr. EDGAR. I yield to my colleague from Massachusetts.

Mrs. HECKLER. Mr. Clark, how is it there is such a disparity in information from the Department of Education and from you in your position at the university? There is a very serious discrepancy that is very troubling.

Mr. CLARK. It is my feeling they knew when they passed the laws what the impact would be. They perhaps couldn't project the total numbers, but were I in the Department of Education, I would not want to send notices out to veterans telling them we have just cut them off from all Federal aid.

I would rather have the schools bear that responsibility. It is hard for me not to believe it wasn't deliberate.

Mrs. HECKLER. The information went out to the schools, according to our last witness, in roughly March of this year. Is that correct?

Mr. CLARK. I believe he stated that the schools were given tentative notification on May 1. I can't speak for other institutions but my experience in talking with people around the country is that the confusion in the statements and, indeed, the difficulty in determining who the veterans are and contacting them, has left most of the schools with really no way for them to go back and tell the veterans that.

It seems to me the people who are responsible for denying the aid ought to be responsible for informing the former recipients. They put the burden on the schools, which I think is problematic at this point.

Mrs. HECKLER. In talking about eligibility for Pell grant, you spoke about a $28,000 combined family income as still allowing a threshold of eligibility, is that correct?

Mr. CLARK. That is what the gentleman from the Department of Education indicated.

Mrs. HECKLER. Now, in terms of the amount which a Vietnam veteran would receive, it is far lower than the $28,000 in family income. How do you account for this?

Mr. CLARK. When they used to count the benefits as income, let's say a veteran with a wife and four children receiving approximately $500 a month, but received something less than $5,000, his total income for the school year is less than $5,000.

Of course, they all qualified for maximum grants under that provision because they are in fact truly needy. You can't live on $5,000 obviously with a family of four, and, taking that and counting it as aid in a direct computation.

I would probably guess, in order to get that high a family contribution, with their computation you would probably need a combined family income of about $50,000.

So, what in effect is happening is they are now defining the veterans' benefits in such a way that it gives the appearance of the veteran having a substantial income. It has the same effect as that.

Mrs. HECKLER. Are you three panelists Vietnam veterans?

Mr. CLARK. Vietnam era.

Mr. MOYER. Yes.

Mr. RHODES. Yes.

Mrs. HECKLER. Could you tell us what your military service was, in what year?

Mr. CLARK. I was drafted after graduating from Penn State University in 1972. Before I got out of basic training, they quit sending folks to Vietnam, and I spent 2 years on active duty, serving in Oklahoma.

Mr. MOYER. I entered the Navy in 1971, which is the year they stopped college deferments.

Mr. CLARK. You were drafted also?

Mr. MOYER. Basically. I enlisted to avoid the draft. I spent 6 years on active duty, from December 1971 to December 1977, with the U.S. Navy, stationed in the Western Pacific and in the continental United States.

Mr. RHODES. I enlisted in the U.S. Coast Guard in May 1974. I was stationed aboard a cutter in Northern New England and was discharged honorably in August 1977.

Mrs. HECKLER. There was no draft in 1974.

Mr. RHODES. That is correct.

Mr. EDGAR. I want to thank all three of you for coming and sharing your information. Obviously, there is a difference of issues and facts in the numbers, but it is helpful to get some firsthand information on the impact in the schools.

The record will remain open for a few days, if there are additional comments from schools which you or the committee have contacted, that in formation will be made part of the record without objection.

Thank you for coming. We appreciate your willingness to testify on this subject. Your full statement will be made a part of the record, and we ask that you proceed as you wish.

STATEMENT OF MIRIAM ROSENBERG, NATIONAL DIRECTOR OF THE NATIONAL COALITION OF INDEPENDENT COLLEGE AND UNIVERSITY STUDENTS, COPUS

Ms. ROSENBERG. I will follow fairly closely my written statement.

Before I start, I would just like to comment on the fact that this is a rare occasion that we are agreeing with something that the Department of Education does.

Chairman Edgar, Chairman Simon, members of the subcommittee, I appreciate the opportunity to appear before you today to discuss COPUS' views on H.R. 6190, a bill introduced by Mr. Edgar to amend title 38 of the United States Code to disregard veterans' education benefits in determining need and eligibility for Federal student financial assistance.

My name is Miriam Rosenberg and I am the national director of the National Coalition of Independent College and University Students, COPUS. The coalition, now in its 8th year, is a national student organization based in Washington, D.C., with State and student chapters and associations across the country.

I would like to preface my statement with the assurance that COPUS has fought, is fighting, and will continue fighting to defend and promote its vision of America, an America with equal educational opportunities for all around the Nation regardless of income, race, sex, or handicap.

The benefits for veterans of this battle have until recently been abundant. Now, however, struggling against budget cuts, we, the soldiers, perform our service to the country with ever-decreasing rewards.

Inevitably one of the first structures to tumble in the wake of significant budget defeats is the fragile edifice of unity within the education community. It is with a sincere abhorrence of such internecine competition that I appear before you to comment upon the treatment of veterans' education benefits for the purpose of student aid need analysis.

COPUS stands in opposition to H.R. 6190. This does not indicate that COPUS is, in any way, against veterans, or against their receiving the benefits they have earned through service to this Nation.

In fact, were there currently no serious threats to student aid funding levels, we would wholeheartedly advocate a bill such as that introduced by Congressman Edgar.

In times of unlimited education program funding, it would be a laudable concept indeed. But those days are gone, and we must face reality: Given a shrinking number of Federal dollars in the Pell grant and guaranteed student loan programs, how should the Government allocate that money in order to maximize its effectiveness in providing educational opportunity?

COPUS believes that the scarce resource of Federal student aid appropriations should primarily be distributed to those who have little or no other financial resources available to them in paying for a college education.

Veterans who are already receiving education benefits generally have, at least, enough money to provide them access to college, while many nonveteran students need Pell grants in order to gain

fundamental access to postsecondary education institutions. GSL's then allow those students to choose to attend the institution that best suits their desires and abilities.

The distinction between Pell grants and guaranteed student loans is important in the examination of the various options for treatment of veterans' education benefits for the purpose of student aid needs analysis.

On one end of the spectrum is H.R. 6190, which disregards veterans' benefits entirely; on the other end of the spectrum is the option that all veterans' education benefits should be considered as student aid in needs analysis, and thus should severely limit eligibility for other student assistance programs.

As is often the case, perhaps the best option lies somewhere between the two extremes. Two such possibilities follow. First, the simple solution would be to maintain the current treatment of veterans' benefits as student aid for the purpose of GSL needs analysis, while allowing the similar treatment, mandated for Pell needs analysis in the third continuing resolution for fiscal year 1982, to run out in October, thus returning to the former, more generous, benefit treatment method.

Second, a more legislatively difficult option, but perhaps one with more equity for all those students involved would be to reauthorize the current limitation of Pell grants to those who have little or no other source of education funding, while changing the current GSL needs analysis guidelines to allow for a more liberal treatment of veterans' education benefits.

COPUS deems the latter option preferable because it is more consistent with the nature of the Pell grant program as the foundation of student aid, and hence, educational access for the neediest students, and the nature of the GSL program as the facilitator of a student's free choice among the country's colleges and universities, be they inexpensive or very costly.

In conclusion, this is a no-win issue. Either way, budget restrictions dictate that students will be eliminated.

COPUS is not singling out veterans for attack; the funding cuts made in the last year and a half affected over 1 million students of all types at colleges and universities around the country. We merely urge that those with the fewest funding options be the last to be eliminated from the rolls of student aid recipients.

I thank you again for the opportunity to discuss our views on this issue, and I hope that we may be of service to you in the future.

Mr. EDGAR. Thank you very much.

Your statement is very clear, and does provide some options. I just have one question of you. The previous panelists from Penn State, I think brought up a very interesting point. Let me see if I can summarize it and get your opinion.

I am asking basically a question of fairness. Suppose I am an 18-year-old just graduated from a good high school, I make application to a university and get accepted. My parents both work, and their combined income is in the neighborhood of $21,000 or $22,000. I am interested in Pell grants, and all the other educational benefits.

Second, I have a friend who is a little older than I am. He happens to be 28. He graduated from the same high school in the same

year, but is no longer a dependent of his parents, who are more elderly and not providing direct services.

That individual went off and served 10 years ago in the war in Vietnam, or during the Vietnam era. Both veterans are eligible under the law for the GI bill. That individual found and married a person, found himself with a small family, left the service with GI benefits, went to work.

He found he was the first laid off because of the present high levels of unemployment and sought help in improving his educational abilities. Both individuals applied to the same school. They went to the same high school and they are now going to the same college, 10 years apart.

One served in Vietnam, one did not.

As I understand the reconciliation action, use of the veterans' benefits in the way in which it is now being calculated as education assistance makes the veteran ineligible for the Pell grant and yet, his family's total income is, let's say, under $5,000.

The other person, whose family does have some resources, and can, in fact, support himself to some degree is eligible for a Pell grant because his basic assistance is counted as income. A larger grant. Do you see the inequity of that scenario?

Ms. ROSENBERG. Yes; I do. I guess my comment on that would be, first of all, I guess, that veterans' education benefits—maybe this isn't the way to end up being used, but initially, anyway, I understood they were supposed to be for the cost of education.

What is unfortunate is that they are forced to rely on that, given the situation, for their living expenses as well, and if that is the case then it is clearly inadequate to allow them to go to college.

Mr. EDGAR. Its intention was to be subsistence while they went to school. It is interesting that they get the same benefit if they go to a free community college in California, or whether they go to Penn State or Harvard or Yale.

They get the same impact benefit even though the costs are different.

We must recess at this point. Mr. Chairman, if you have a quick question.

Mr. SIMON. I may be tied up on the floor, so I would like to make a brief comment. Miriam Rosenberg has been one of the most effective spokespersons for students in my years here on the Hill and I just want to pay tribute to her.

Second, she has stated it very well that too many people are being put in an impossible situation, where instead of saying: Yes, we ought to be doing this, we have to pick and choose, and we really shouldn't have to have that kind of a choice forced upon us.

I recognize you are faced with that choice and that we are faced with that, but something is wrong when we are faced with that situation.

Thank you, Mr. Chairman.

Mr. EDGAR. Before I run off to this vote, the reason for stating the two scenarios was not to put you in a sandwich but to raise the very point my colleague has raised.

It is really unfortunate that we have to be making these kinds of inappropriate choices today at a time when education should be

our primarily responsibility, our primary goal, and it ought to be our highest priority.

Other cuts should be made and there are areas to cut. The Federal Government, even after all of the paring down still has some areas of weakness where we spend money on programs and projects that are not as effective.

I believe education is and should be our highest priority. My colleague from Illinois has been the leader in making sure some of us remember that fact.

Thank you very much. We appreciate your being here today.

This subcommittee will stand adjourned until 25 minutes to 12.

[Recess.]

Mr. EDGAR. The committee will come to order.

I see before us the last panel, composed of members of the veterans' organizations.

Gentleman, we appreciate your appearance and your participation today.

The American Legion is our first witness.

STATEMENTS OF PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY JOHN F. SOMMER, JR., DEPUTY DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION

Mr. EGAN. Mr. Chairman, I have with me here this morning John Sommer, the department director of our Veterans Affairs and Rehabilitation Commission, and he is prepared to summarize our statement, but I think that a few remarks are in order, recognizing some of the things that the Department of Education has said.

While it can't be denied if you use, to govern a needs test, net income, that test is one that really can't be quarreled with, but when you are talking about a readjustment benefit such as the GI education benefit, I think some comment needs to be made about what exactly is the nature of that benefit.

Surely, readjustment means readjustment from the rigors and hardships of military service. For the Vietnam-era veteran I think there is an additional component that readjustment addresses itself to; that being that during the time the veteran would have served, he necessarily did not attend college, which means he got his degree anywhere between 2 and 4 years at a minimum later than someone who did not serve.

Therefore, when the veteran enters the job market, he enters the job market, at least for the Vietnam-era veteran, at a time when the job market was not as favorable as it would been as few as 4 years earlier.

So, there is that additional readjustment problem, the problem being that the veteran's delay has cost him, in terms of the opportunity in the job market. The other thing is over the course of the 1970's, Federal education programs have proliferated.

That, in itself, has become the readjustment component for the Vietnam-era veteran because the veteran receiving his education and entering the job market finds the competition much greater than it would have been were it not for those education programs.

That is significant because by the time the veteran receives a degree, he might find that he needs a master's or Ph. D., while 4 years earlier a bachelor's degree might have sufficed to get the job.

Finally, it is supposed by the Department of Education that veterans in receipt of this education benefit are double-dippers. I am reminded of proposals that have been made in the Congress in the past which would characterize military retirees as double-dippers and then solve the problem by reducing those military retirees—that is those that have been employed by the Federal Government, reduce their civil service salaries on a dollar-for-dollar basis by an amount equal to what they receive in military retirement.

Well, the analogy of veterans being double-dippers as well as military retirees being double-dippers is inappropriate because the benefits for the Vietnam-era veteran for education are entitlement benefits, not gifts. Just as for the military retiree, that retirement benefit is not a gift, it is earned.

After having said that, let me turn the microphone over to John.

Mr. SOMMER. Mr. Chairman, the American Legion appreciates this opportunity to appear here today and offer our views on the pending legislation.

As has been pointed out the intent of H.R. 6190 is to restore the ability of veterans and their dependents and survivors who are in receipt of disability debt and educational benefits to secure guaranteed loans and Pell grants, eligibility for which in most instances was eliminated for the purpose of cost savings by the enactment of Public Laws 97-35 and 97-92.

The eliminations of these educational assistance benefits and the concurrent irradication of the VA education loan program has created a situation wherein it will be most difficult for many Vietnam veterans to continue their education, particularly those who are attending high-cost colleges and universities.

The American Legion, recognizing the limitations of the educational assistance benefits administered by the Veterans Administration, particularly those provided under chapter 34 of the title, is strongly supportive of the enactment of H.R. 6190.

Since our national convention in 1965, the American Legion has consistently supported the development of an adequate educational assistance program for Vietnam veterans. Importantly, such a program is necessary in the readjustment from military to civilian life and for many Vietnam veterans, as you well know, this readjustment has been very difficult, particularly for those veterans who were involved in heavy combat in Vietnam.

The latest increase in education benefits was provided under 96-466, effective January 1, 1981, and it brought the monthly rate payable to a single veteran up to $342. However, since that time, the rate of inflation as measured by increases in the consumer price index have approximated 30 percent.

As a result the financial resources available to those veterans under chapter 34 limit those without supplementary resources to education and training at low-cost public institutions, or in some cases, cause them to abandon their plans altogether for education and training programs.

The American Legion is concerned about the inadequacy of benefits currently available for the use of Vietnam veterans in pursuing

education or training programs at the institution of their choice. The benefits payable to veterans, as I mentioned, under chapter 34 have not kept pace with the cost of living and now, these supplementary resources previously available have been discontinued in the name of fiscal austerity.

The enactment of this legislation would restore eligibility for additional Federal education assistance to certain Vietnam veterans and such action would be substantially beneficial.

Mr. Chairman, we appreciate this opportunity to present our views.

[Prepared statement of Paul Egan and John Sommer follows:]

PREPARED STATEMENT OF PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, AND JOHN F. SOMMER, JR., DEPUTY DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Messrs. Chairmen and Members of the Subcommittees: The American Legion appreciates this opportunity to present its views on the measure currently under consideration of the two Subcommittees, H.R. 6190; as well as an overview of the educational assistance program for Vietnam veterans as perceived by this organization.

Section 2013 of title 38, United States Code currently provides that any amounts received as pay or allowances by any person while serving on active duty; period of time during which such person served on active duty; and amounts received under Chapters 11, 13, 31, 34, 35 and 36 of the title by an eligible veteran and any amounts received by an eligible person under Chapters 13 and 35 of such title, shall be disregarded in determining the needs or qualifications of participants in any public service employment program, any emergency employment program, any job training program assisted under the Economic Opportunity Act of 1964, any employment or training program assisted under the Comprehensive Employment and Training Act, or any other employment or training (or related) program financed in whole or in part with Federal funds.

H.R. 6190 would amend section 2013 to include "any educational assistance program" among those programs wherein compensation, DIC and educational benefits are disregarded in determining the needs or qualifications thereof.

The intent of this legislation is to restore the ability of veterans, their dependents and survivors, who are in receipt of the foregoing disability, death and educational benefits to secure Guaranteed Student Loans and Pell Grants, eligibility for which, in most instances, was eliminated for the purpose of cost savings, by the enactment of Public Laws 97-35 (Omnibus Budget Reconciliation Act of 1981) and 97-92 (Joint Resolution making further continuing appropriations for fiscal year 1982).

The elimination of these educational assistance benefits, and the concurrent eradication of the VA Education Loan program under section 1737 of the title, has created a situation wherein it will be most difficult for many Vietnam veterans to continue their educations, particularly those attending high-cost colleges and universities.

The American Legion, recognizing the limitations of the educational assistance benefits administered by the Veterans Administration, particlarly those provided under Chapter 34 of the title, is strongly supportive of the enactment of H.R. 6190.

Since our National Convention in 1965, The American Legion has consistently supported the development of an adequate educational assistance program for veterans of the Vietnam Era with the purpose of extending the benefit of higher education to eligible persons who might not otherwise be able to afford such education or training; providing vocational readjustment and restoring educational opportunities to those veterans whose careers have been interrupted by reason of active duty in the Armed Forces; and aiding such persons in attaining the vocational and educational status which they might normally have aspired to and attained had they not served our nation. Importantly, such a program is necessary to assist in the readjustment from military to civilian life. And for many Vietnam veterans, particularly those who saw heavy combat, the readjustment has been difficult.

When the Vietnam veteran education program was established effective June 1, 1966, the monthly educational assistance payments were low. In fact, they were lower than the payments under the 1952 Korean War Veteran GI Bill. For a single veteran, the rate was $100, rising to $130 in 1967, $175 in 1970, $220 in 1972, etc. The latest increase was provided under Public Law 96-466, effective January 1, 1981, and it brought the monthly rate payable to a single veteran under Chapter 34

of the title up to $342. However, since that time the rate of inflation as measured by increases in the Consumer Price Index for All Urban Consumers (CPI-U) has amounted to approximately 30 percent. As a result, the financial resources available under Chapter 34 limit those without supplementary resources to education and training at low cost public institutions, or cause them to abandon altogether their education or training programs.

The annual cost of education in public and private schools has substantially increased since the enactment of the Vietnam GI Bill, as illustrated by the following table:

	Tuition		Total educational costs	
	Public	Private	Public	Private
School year:				
1966–67	$260	$917	$1,640	$2,570
1981–82	719	3,994	2,653	6,190

Hence, in the absence of an upward adjustment of the education benefits the enactment of H.R. 6190 would provide relief in many cases.

For the purpose of responding to inquiries received from Legionnaires and other individuals seeking historical information on the GI Bill, we have developed a chronology of the GI Bill educational program as it has progressed through the years since its inception, which we are happy to share with the Subcommittees.

The enactment of the Servicemen's Readjustment Act of 1944, better known as the "GI Bill of Rights" was a major accomplishment of the American Legion. Sixteen days after the D-Day invasion of Europe, June 22, 1944, President Roosevelt signed this legislation into law. Supported by members of both political parties, the Bill passed the 78th Congress without a single dissenting vote. There was little realization at that time of the impact this legislation would have on life in America. The program, amended by Congress and extended to the present by the Korean Conflict and the Post-Korean Conflict—Vietnam Era GI Bills, changed the entire concept of adult education in the United States.

Two members each of the United States Senate and the House of Representatives in the present 97th Congress were also in the 78th Congress and voted for the original GI Bill. They are Senators Jackson of Washington, and Randolph of West Virginia, and Representatives Pepper of Florida, and Whitten of Mississippi.

WORLD WAR II GI BILL

To be eligible for GI Bill benefits, a World War II veteran had to serve 90 days or more after September 16, 1940 (and must have entered service before July 26, 1947, as was later determined), with other than a dishonorable discharge.

Education payments were made by VA, up to a maximum of $500 a year, to the educational or training institution for tuition, books, fees and other training costs. VA also paid the veteran with no dependents taking full-time training a subsistence allowance of up to $50 a month. This was increased to $65 a month in 1946 and to $75 a month in 1948. Allowances for veterans with dependents were higher. There was a $210 a month limit on the single WWII veteran's combined VA subsistence allowance and earnings. Neither of the subsequent GI Bills had a limit on income.

The 15½ million veterans eligible for this program were entitled to one year of full-time training plus a period equal to their time in service, up to maximum of 48 months of training.

This program ended July 25, 1956. During its 12 year existence, 7.8 million WWII veterans, slightly more than 50 percent of those eligible, received training; 2.2 million in institutions of higher learning, nearly 3.5 million below college level, 1.4 million on the job, and almost 700 thousand in institutional on-farm courses. The total cost of the World War II GI Bill education and training program was $14.5 billion.

KOREAN CONFLICT GI BILL

Public Law 550, the "Veterans Readjustment Assistance Act of 1952", was approved by the 82nd Congress, and signed by President Truman on July 16, 1952.

To be eligible for Korean GI Bill benefits, a veteran had to have served 90 days or more after June 27, 1950 (and must have entered service before February 1, 1955, as was later established), with other than a dishonorable discharge.

A veteran with no dependents taking full-time training received a direct payment from VA of $110 per month, out of which the veteran had to pay for tuition, books, fees, supplies and other training costs. Allowances for veterans with dependents were higher. The decision to have veterans pay for their tuition and books was made after Congressional hearings disclosed widespread fraud by colleges and other institutions under the World War II GI Bill.

Korean veterans were entitled to GI Bill education and training for a period equal to one and one-half times their active service, up to a maximum of 36 months of training.

This program ended on January 31, 1965. During its 12½ year history, 2,391,000 out of 5,714,000 or 42 percent, of eligible Korean veterans received training; 1,213,000 in institutions of higher learning, 860,000 below college level, 223,000 on the job, and 95,000 in institutional on-farm training. The total cost of the Korean Conflict GI Bill education and training program was $4.5 billion.

VIETNAM ERA—POST-KOREAN GI BILL

Post-Korea covered the period from February 1, 1955, to August 4, 1964, while Vietnam Era ran from August 5, 1964 to May 7, 1975.

Public Law 358, the "Veterans Readjustment Benefits Act of 1966", was passed by the 89th Congress, and signed by President Johnson on March 3, 1966. The education and training program under this GI Bill went into effect on June 1, 1966.

To be eligible, a veteran had to serve more than 180 continuous days, any part of which was after January 31, 1955, with other than a dishonorable discharge. Further, for the first time in U.S. military history, servicemen with at least two years of active duty (changed to 180 days in 1970) were also eligible for GI Bill education and training.

Public Law 93-337, enacted in July 1974, extended the eight year delimiting date to ten years.

Originally, this GI Bill provided one month of education and training for each month of service, with a maximum of 36 months entitlement. This was changed, effective December 1968, to one and one-half months of entitlement for each month of service, with 18 months of service after January 31, 1955, qualifying a veteran for the full 36 months, if the military obligation had been satisfied. In December 1976, maximum entitlement was extended to 45 months.

A major change, in 1967, enabled veterans to take cooperative farm, on-job, flight and correspondence training. Disadvantaged veterans, those who did not finish high school before entering service are given full VA benefits while completing high school without having any of this assistance charged against their entitlement, which can be used for college or other training.

Public Law 97-72 provided a two-year extention of the delimiting period to certain unemployed and undereducated Vietnam veterans.

As under the Korean Conflict GI Bill, payment of the VA education and training assistance allowance is made directly to the veteran, out of which is paid tuition, fees, books, and other training costs.

A veteran with no dependents in full-time institutional training received $100 a month from VA under the Bill as first passed. This was increased to $130 a month in 1967; to $175 a month in 1970; to $220 a month in 1972, $270, 1974; $292, 1976; $311, 1977 and to $327 which became effective October 1, 1980. On January 1, 1981 the amount was increased to $342 per month, where it stands today.

As of the end of September 1981, over 5.7 million eligible Vietnam Era veterans had entered training under the current GI Bill. Altogether, including servicemen and Post-Korean veterans, over 7.8 million Americans have trained under the present program (these figues are valid through September 1981).

GI Bill usage peaked in 1976 when 2,822,000 trained.

At the end of May 1982, there were approximately 450,000 on the rolls.

Public Law 94-502, the "Veterans Education and Employment Assistance Act of 1976", terminated the GI Bill, as it was known by 17.6 million veteran-students since 1944, effective December 31, 1976. Veterans who were in service before January 1, 1977, have 10 years after separation or until December 31, 1989, whichever is earlier, to complete GI Bill training.

In conclusion, The American Legion is concerned about the inadequacy of benefits currently available for the use of Vietnam veterans in pursuing education or training programs at the institution of their choice.

The benefits payable to veterans under Chapter 34 have not kept pace with the cost of living, and now those supplementary resources previously available have been discontinued in the name of fiscal austerity.

The enactment of the legislation under consideration today would restore eligibility for additional Federal educational assistance to certain Vietnam veterans, and such action would certainly be beneficial.

However, The American Legion strongly urges that Congress develop and enact legislation to make the education and training programs administered by the VA responsive to continuing inflationary pressures. Much too long a time has passed since the rates were last increased through enactment of Public Law 96-466, and we urge that time, indeed is of the essence in this important matter.

We thank the Subcommittees for receiving the views of The American Legion.

Mr. EDGAR. Thank you very much for your comprehensive statement.

STATEMENT OF JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. MAGILL. Thank you for the privilege of presenting the views of the Veterans of Foreign Wars with regard to 6190.

As requested, I will summarize my remarks inasmuch as my whole text will be made a part of the record.

Mr. Chairman, we view the GI bill as one of the most important readjustment benefits available to veterans. This entitlement was never intended to put a veteran through school, but rather, to help the veteran meet financial obligations while attending school.

Recent legislation has for the most part terminated the VA Education Loan program. Also, the GI bill has been redefined so as to greatly reduce the veterans' chances to qualify for a Pell grant.

We view these events as penalizing a veteran for honorable military service. We find it ironic that those who avoided military service or received other than honorable discharges can qualify for Pell grants and veterans cannot.

With the rising cost of attending school and the lack of a recent cost-of-living increase in GI bill benefits, a veteran should be able to receive additional assistance the same as his or her nonveteran peers.

In closing, Mr. Chairman, again, we support this bill to rectify a great inequity.

Thank you.

[Prepared statement of James Magill follows:]

PREPARED STATEMENT OF JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairmen, and members of the subcommittee: Thank you for the privilege of appearing before these distinguished Subcommittees to present the views of the Veterans of Foreign Wars of the United States with respect to HR 6190; a bill to amend Title 38, United States Code, to provide that educational assistance provided by the Veterans' Administration under the GI bill shall be disregarded in determining the needs or qualifications of any person under any educational assistance program financed in whole or in part with Federal funds.

Mr. Chairmen, the GI bill is one of the most important readjustment benefits offered to veterans; the opportunity to attend an institution of higher learning for the purpose of becoming more competitive with non-veterans in obtaining meaningful employment. An important point to keep in mind is the GI bill was never intended to completely subsidize the cost of a veteran's education; but rather to provide supplemental income in order to help the veterans meet his or her financial obligations while attending school. It is the veterans responsibility, as is with all students, to meet the tuition requirements of each school attended and the other expenses associated with obtaining an education. Should the veteran need financial assiatance he could apply for and, if qualified, avail himself of the various educational assistance programs sponsored by the federal government.

Mr. Chairmen, the enactment of the Omnibus Budget Reconciliation Act of 1981 has presented serious obstacles to veterans aspiring to obtain a higher degree of education. The Act terminated, with two exceptions, the Veterans' Administration education loan program; a program specifically designed to help certain veterans supplement their GI bill benefits in high tuition or cost of living areas of the country. In addition, the Reconciliation Act set spending limits for the Pell grant program that were well below the estimated cost for the program to be fully operational; thereby necessitating greater restrictions in eligibility. Further, the Act also eliminated educational assistance under Social Security for widows or eligible survivors of those killed in combat or who died of service-connected causes. Finally, the fiscal year 1982 continuing Resolution redefined GI bill benefits as "family contribution" or as aid instead of "income" when applying for Pell grants; thus complying with the Budget Reconciliation Act in reducing the eligibility.

What greatly disturbs the VFW is the fact that veterans, particularly Vietnam Era Veterans, are now being penalized for their honorable service to the nation when applying for Pell grants. We find it ironic that individuals who avoided military service, or received other than honorable discharges, and evidently some temporary visitors to the United States, qualify for these grants when veterans are being denied. We are not asking that veterans receive special consideration; but that they be eligible to compete on an equal basis for the same benefits available to their non-veteran peers. Please remember Mr. Chairmen, the GI bill is an earned entitlement and should not be a penalty or obstacle in pursuing an education!

Mr. Chairmen, the VFW supports HR 6190, introduced by the Chairman of the Subcommittee on Education, Training, and Employment of the House Veterans Affairs Committee. This bill also enjoys the co-sponsorship of many members of Congress, including the Honorable Carl Perkins, Chairman of the Committee on Education and Labor.

This concludes my testimony. I will be happy to answer any questions you may have at this time.

STATEMENT OF JOHN TERZANO, DIRECTOR OF LEGISLATION, VIETNAM VETERANS OF AMERICA

Mr. TERZANO. Mr. Chairman, I have appeared before this committee a number of times in the last 2 years. It seems that every time I come before this committee I come not to speak about any new great expansive program that Congress wants to enact.

It seems that I have had to come and talk about, and become increasily frustrated, just trying to keep the benefits, entitlements, and programs for which we have fought so hard for over a decade.

You have been known to say, Mr. Chairman, that this administration is like a bulldozer and President Reagan is at the controls, and he is just running over people, destroying programs with little or no regard for the people who are a part of those programs.

Vietnam veterans' programs, from January 20, 1981, have been attacked by this administration. What we have before us here today is just a continuation of that policy.

I have to commend the administration in the way that they go about doing this, because they do, as Mr. Simon pointed out earlier, hit groups that have a common bond, that have a common goal, so that they fight among themselves for that small piece of the pie.

I think it is time, Mr. Chairman, that we stand up to this administration. I will say no more. We have been eligible with respect to Pell grants in a long history before us, in providing the exemption. Your bill would just make it legislatively possible to put it into law.

In closing, I wish I could have talked to Dr. Elmendorf. I would like to know what he means by a truly needy person when it comes to the Pell grant.

Personally, in 1978, when I transferred to George Washington University to finish up my undergraduate work, I was receiving

$311 a month as a single veteran, going to a private institution which at the time, if I am not mistaken, cost $110 a credit hour. I was carrying 18 hours worth of school, and I applied for the basic educational opportunity grant which, if I am not mistaken, is the predecessor to the Pell grant.

I had no visible means of support, I wasn't working, I was just new to the city and I had to live.

I didn't qualify. Why, I don't know. I was at a high-cost school and really had no money or anything, but I didn't qualify. If I didn't qualify, given that my only source of income would have been the $311 a month, then who qualifies for these programs?

If it isn't a veteran who has no visible means of support, who is it they are trying to help? I don't know.

Thank you.

[Prepared statement of John Terzano follows:]

PREPARED STATEMENT OF JOHN F. TERZANO, DIRECTOR OF LEGISLATION, VIETNAM VETERANS OF AMERICA

Mr. Chairman: I am honored to be here to testify on behalf of Vietnam Veterans of America before this Special Joint Committee in support of H.R. 6190.

The proposed legislation that is before us, Mr. Chairman, would correct an inequity that now exists within the Vietnam era GI Bill. Under current law, Section 2013 of Title 38, GI Bill Benefits are exempted when determinig the needs of the eligibility of an individual who participates in any job training program, public service employment program or any other manpower training program financed in whole or in part with federal funds. H.R. 6190 would extend that exemption to education benefits.

The Vietnam Veterans of America, Mr. Chairman, strongly feels that there are several reasons why H.R. 6190 should be enacted. First, H.R. 6190 would correct the inequity that currently exists in the law. By extending the exemption the education benefits, a veteran would not be penalized for choosing to go to school rather than a job training program. Second, up until the Omnibus Budget Reconciliation Act of 1981, GI Bill education benefits traditionally were considered "income" in establishing eligibility requirements for Vietnam era veterans to receive Pell grants.

Mr. Chairman, for those of us who have utilized the GI Bill, the benefits we received were in essence an income assistance allowance. Unlike the World War II GI Bill that provided direct education tuition assistance, our bill, the Vietnam era GI Bill, provided us with that assistance allowance in order that we could survive. In addition, I think it is important to note that historically all GI Bills are designed to provide readjustment assistance to those who served their country in a time of war so that they may be brought up to par with their nonveteran peers. Mr. Chairman, since the Congress saw fit to exempt GI Bill benefits from eligibility requirements for other federal assistance programs, would it not be proper and consistent with current federal policies to provide an exemption rather than penalize an individual for wanting to go to school?

Those of us who have sat in this room over the last couple of years know all to well the problems and the needs of the Vietnam era veteran. We know that we have had to fight for every meaningful piece of legislation since 1966. And, we know that under the present administration we have had to regroup just to hold the same ground for which we fought so hard in previous years.

Mr. Chairman, we are not asking for anything new or expensive. We are asking to regain what was once ours and strongly urge that this inequity in the law be changed to protect those who follow us.

We are in the twilight of the Vietnam era GI Bill. Enrollment has and will continue to decline in coming years. But, there are still a great many individuals who will need educational assistance. During the 1981-82 academic year, over 147,000 veterans who receive GI Bill benefits applied for Pell grants.

If H.R. 6190 is not enacted, the overwhelming majority of those individuals will be denied Pell grants. And for those few who might pass the needs test within the Office of Education, there is an additional set of criteria that must be overcome. Schools that participate in the Pell grant program do their own cost benefit analysis. That is, institutions weigh the difference between the cost of school and the amount of benefits received. Therefore, if a veteran manages to qualify for a Pell

grant and chooses to go to a relatively inexpensive school, s/he may not qualify because of the school's own needs assessment.

In closing, Mr. Chairman, the present system is clearly inequitable. In fact, those individuals presently receiving GI Bill benefits will not be treated as equals to millions of veterans who preceded them. Unless federal policy is corrected, those individuals are and will continue to be, penalized for coming of age and choosing to receive an education in 1982 and that is clearly wrong Enactment of H.R. 6190 would go a long way in remedying that wrong.

I thank you.

Mr. EDGAR. Thank you all for your testimony. We have heard a lot today from the administration, we have heard a lot from people who have to bear the brunt of the decision to change the eligibility requirements and it is important to hear from all of the veterans' organizations.

In reflecting on all that has been said, is there any additional comment you would like to make as a summary point as to where we should go from here?

Mr. EGAN. If I could reiterate one point. While the system used to determine who is the neediest of those applicants for Pell grants, while there is a good deal of utility in using a net income basis to make that impersonal determination, we submit that nobody has a greater moral claim to neediness than veterans have and that that ought to be entered into the mix in some fashion.

That is as true for Vietnam-era veterans regardless of where they happened to have served during the period of that conflict.

Mr. SOMMER. Mr. Chairman, I would like to reflect on some of my observations from earlier witnesses, particularly in the Department of Education's statement, which is laced with catch words or phrases, such as "savings" or "savings will increase" or "the Federal cost-control reasons are overriding," and then in answer to one of the questions, as I interpreted the answer of the witness from the Department of Education was that he felt that the GI bill was an open-ended entitlement to be used as the veteran wishes rather than a readjustment program.

In view of these statements, I for one am grateful that the veterans' educational programs are administered by the Veterans' Administration and not by the Department of Education.

I would also like to clearly state for the record that the American Legion is well aware that the education programs administered by the VA are readjustment programs and not open-ended entitlements.

Mr. EDGAR. Thank you very much. I want to thank all of you for your statements. Also, I would like to thank all of you for your support of the amendment that I will offer on the floor today on the new federal job training bill.

We anticipate that about 2 or 3 this afternoon, the amendment will be under consideration to designate some piece or set-aside of that new federal employment and training program for Vietnam-era veterans. It has been a long time in development. We passed a bill out of this committee just recently and we hope that the amendment we offer this afternoon will give real teeth to that legislation.

Before I close the hearing today, I would like to give a word of thanks to all of the staff of the two committees. They have done a lot of work, my staff, Maryln McAdam with Paul Simon and others

on the minority side who have participated, making sure the committee hearing room, the testimony, the preparations and the thoughts and ideas that are behind the scenes in putting one of these hearing together were done in a very positive way.

I would like to thank the staff of the Veterans' Affairs Committee, particularly, and also of the House Education and Labor Committee.

Thank you all for your attendance today. This hearing stands adjourned.

[Whereupon, at 11:50 a.m., the subcommittees were adjourned.]

[Material submitted for inclusion in the record follows:]

August 5, 1982

The Honorable Dan Quayle, IN
United States Senate
Suite 254
Russell Building
Washington, D.C. 20510

Dear Senator Quayle:

Recently veterans attending colleges and universities were notified that due to a new formula for figuring Veterans Educational Benefits they were not eligible for PELL Grants. This information not only caused financial problems with veterans adjusting to the loss, but the timing leaves very few avenues for the veteran to try and obtain monies elsewhere for this school year.

I am a Vietnam era veteran who utilized his GI Bill to go back to school. At that time I was married and we had one child. I felt we could make it with the GI Bill and a loan. I received a VA educational loan, which are no longer available, and survived one semester. I took on part-time work the second semester and had the school not allowed me to enroll owing them money, I would have had to drop out and go back to work. At the end of my first school year I still owed the university $339 and owed $1500 to VA for my educational loan. In my second year of school I became eligible for the BEOG and received one that allowed me to pay for my tuition each semester. I needed a loan again, but this time it was for a smaller amount of money and with my wife's and my part-time jobs I was able to complete school. This all took place between 1975 and 1978 when costs were smaller. The point I am trying to make is that VA benefits are enough to survive on, but it takes the amount to survive, the GI Bill and whatever the cost is in attending a particular school. This is the money it takes to go to school and support a family.

The new PELL Grant calculation for VA Educational Benefits was announced last fall at the federally sponsored financial aid workshops held throughout the country. When veterans applied in February, and their PELL Grant index numbers were coming back about the same as last year, we determined that the recalculation did not affect the veteran as seriously as we had expected. In the past, the VA Educational Benefits were calculated as income for the BEOG, now GI Bill benefits are calculated dollar for dollar against the school cost. To quote from the Department of Education Pamphlet, Federal Financial Aid, April 1982, "... The amount you get is based on your need as determined by a standard formula, and on the cost of attending your school... There is no set income limitation on eligibility for a PELL Grant. Instead, eligibility depends on a combination of factors such as income, assets, family size, and number of family members in post-secondary schools." The new formula for calculating VA Educational Benefits applies Veteran Benefits directly to the cost of attending your school, bypassing

the standard formula used to determine everyone elses eligibility. This new formula does not take into consideration a veterans income, assets, family size or number of family members in post-secondary schools. In addition, it does not take into consideration that veterans going to school are independent students. These veterans are generally in their mid to late twenties or early thirties and in many cases have families to support. It is expected that they can pay for school, support their family or themselves on the GI Bill, this in fact is almost an impossibility. Could you support yourself, your family and pay for school with between $3000 and $4000 a year?

To site one school and how the new formula effects veterans, Vincennes University located in Vincennes, Indiana has school costs of $2400 for a county resident and $3250 for a state resident. Using the current calculation formula for the PELL Grant, a single veteran going to school full-time for nine months and receiving the GI Bill ($3078.00), would not be eligible if they were a county resident. If the same veteran was a state resident, moved to the community and rented a place to live, he would show a total financial need of $422.00, which would mean a low eligibility for the PELL Grant. This is based on a single veteran receiving full-time benefits of $342 a month. By the same token, a married veteran without children would not be eligible in either case for the PELL Grant as he/she would receive $3663 for the nine month period. In addition, the larger the family, the less chance a veteran has to receive any PELL Grant.

To show you what this means at schools in Southwestern Indiana, I called the financial aid offices at several schools to see what information I could gather in regards to this subject. The problem is in knowing how many veterans are receiving PELL Grants, the actual amount of the PELL Grant, in addition to VA Educational Benefits. I did not find an institution that had that information readily available. The information varied but a pattern of the effect can be shown.

Vincennes University, Vincennes, Indiana - State Supported

PELL Grant (BEOG)	1981-82 School year	1.5 million
PELL Grant	1982-83 School year	1.5 million

This figure is an estimate based on the percentage of all students receiving financial aid.

Veterans receiving PELL Grant (BEOG)	1981-82	352
Veterans receiving PELL Grant	1982-83	352 ?

Based on 475 individual veterans enrolled full-time. Estimate of loss in dollars of PELL Grant $472,890.60. School costs $2400 county resident, $3250 state resident.

Indiana State University, Terre Haute, Indiana - State Supported

PELL Grant information not available yet. 1981-82 school year 265 veterans certified to receive Veteran Educational Benefits. 1982-83 school year, 140 veterans have been certified so far. Financial Aid Director stated that all veterans were now ineligible at his school.

University of Evansville, Evansville, Indiana - Private Institution

PELL Grant (BEOG)	1981-82 School year	843,953
PELL Grant	1982-83 School year	800,000

Seven veterans receiving BEOG grant 1981-82	7,990
School costs.	7,087 per year

Indiana University, Bloomington, Indiana - State Supported

PELL Grant(BEOG)	1981-82 School year	5,106,000.00
5,806 awards		
PELL Grant(Estimate)	1982-83 School year	4,815,000.00
4,874 awards		

No information on how many veterans received BEOG or will lose PELL Grants. During the 1981-82 school year, 555 veterans enrolled. 450 veterans are estimated to enroll for the 1982-83 school year. The estimated school cost for a state resident is $5238 per year.

The figures show that the more expensive the school, a greater chance of a veteran receiving a PELL Grant. However, an individual who is not receiving veterans benefits would be entitled to more financial aid than the veteran. Someone making $6000 a year income maybe asked to contribute $100 toward their school costs, which at Indiana University would mean:

Non Veteran		Veteran	
$5238	single independent school cost	$5238	single independent school cost
100	family contribution	3078	veterans benefits
$5138	Financial Aid eligibility	$2160	Financial Aid eligibility

Not only is the eligibility for the PELL Grant impaired, but also for the veteran's entire financial aid package. I have heard the argument that a veteran receiving Veteran Benefits and a PELL Grant is double dipping and that is why the calculation for PELL Grant was changed. I must point out that the VA benefit was to assist the veteran in training and readjusting to society, it was given because the veteran

spent a portion of his/her life in the service of his/her country while their peers stayed home and gained valuable time in the job market. Returning home the Vietnam era veteran was looked down upon and used as a whipping post for the things that were going on at the time. Many veterans tried to enroll in school and met with so much opposition and difficulty from the schools, Veterans Administration and other students that many dropped out before they even started. Now, many are adjusting to the situation and are beginning to attend school again. The PELL Grant was one tool that made this possible. It seems unfair, another slap in the face for the Vietnam era veteran, that an individual having the same income as the veteran, including the GI Bill, is eligible for the PELL Grant, but because the veteran is making his/her income from the GI Bill, he/she is not eligible. The veteran is being penalized because he served in the Armed Forces of his/her country.

I work with approximately 200 veterans a year who are considering going back to school. We help them with all types of financial aid, veterans benefits and improvement of their basic educational skills. Of the forty-three veterans signed up for enrollment in the fall, twenty-eight were eligible for the PELL Grant at a zero index level. They have since received notification that they are not eligible for the PELL Grant. Included in the forty-three veterans are also veterans who are not eligible for VA Benefits because they have passed their delimitating date so their PELL Grants were not effected by the recalculation.

Please take into account the veteran plight and how many veterans may have to drop out of school because of this method of calculation. The number of dropouts are not as important as the fact that there will be dropouts because of the new method. For each veteran that drops out, another number is added to the rolls of the under employed, unemployed, or people not reaching his/her potential. In some cases this may mean going back to the welfare rolls rather than finishing school and becoming a member of the tax rolls.

Please consider the bill or one similar to the one introduced by Congressman Bob Edgar, HR 6190.

Thank you for your consideration.

Sincerely,

Bob Murawski
Concerned Vietnam Era Veteran
1415 Harrison Street
Vincennes, Indiana 47591

cc: Congressman Bob Edgar

Letters Sent To The Following Congressmen:

The Honorable G.V. Montgomery, MS
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Suite 2184
Rayburn Building
Washington, D.C. 20515

The Honorable Chalmers P. Wylie, OH
United States House of Representatives
Suite 2335
Rayburn Building
Washington, D.C. 20515

The Honorable Paul Simon, IL
United States House of Representatives
Suite 227
Cannon Building
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The Honorable Dan Quayle, IN
United States Senate
Suite 254
Russell Building
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The Honorable Alan K. Simpson, WY
United States Senate
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Dirksen Building
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The Honorable Joel Deckard
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The Honorable Thomas A. Daschle, SD
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The Honorable Edward M. Kennedy, MA
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The Honorable Richard Lugar
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The Honorable Lee Hamilton
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September 7, 1982

The Honorable Robert Edgar
Chairman, House Subcommittee on
Education, Employment and Training
House Veterans Affairs
U. S. House of Representatives
Washington, D. C. 20515

Dear Congressman Edgar:

The AVC is very pleased to endorse your bill, HR 6190, which would allow 50% GI educational benefits to be counted as family income. This would correct the present inequity which penalizes student veterans by counting their entire GI Bill as family income when applying for other federal support, such as a Pell Grant.

We were shocked that such a provision had been enacted last year. We trust that HR 6190 will correct this injustice towards Vietnam-era veterans who, in good faith, had counted upon this additional support to complete their schooling.

We request that this letter bemade a part of the record of the hearing.

Sincerely yours,

June A. Willenz
Executive Director

JAW:lwl

To achieve a more democratic and prosperous America and a more stable World